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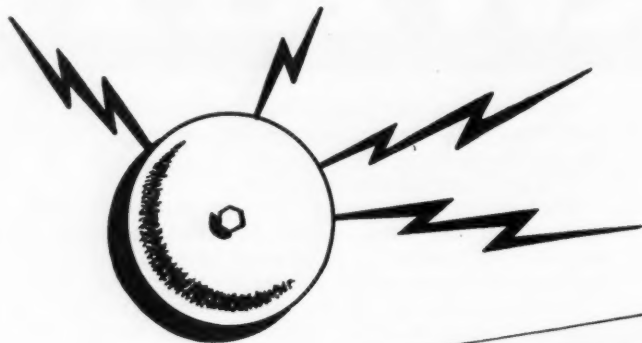
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THURSDAY, NOVEMBER 19, 1953



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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

57th Year, No. 47
November 19, 1953

New UA Report Not Likely to Cause Joy in Industry Ranks

Rate Making Angle To Be Fought to the Wire; Wait Action at Miami

The highly controversial report of two NAIC subcommittees to study the relationship between uniform accounting and rate making has been revised as a result of the recent two-day hearing at Chicago at which no holds were barred on the part of the industry in seeking to put the kibosh at least on that part of the report in which the subcommittees recommended "that uniform accounting indications should be used as a guide in the determination of the expense portion of rates."

The highly provocative section was modified in its phraseology but it is very doubtful whether it will be any less unpalatable to the industry for that reason. The unequivocal position of the industry spokesmen at Chicago was that the idea was so fundamentally offensive that no amount of sugar coating could obscure the repugnant core. The industry, it is believed, is out on a tight to the finish in this matter.

The rewritten section is labeled "Insurance Expense Exhibit Indications" instead of "Uniform Accounting Indications," and it reads: "It is recognized that expense data reported in insurance expense exhibits are derived from the application of instructions for the uniform classification of expenses. In connection with the review of rate filings pursuant to the rating laws of the respective states, it is the opinion of the joint subcommittee that consideration should be given to insurance expense exhibit indications and to all other relevant factors in respect to the recognition of past and prospective expense experience applicable to the class or type of insurer or insurers involved."

There was a revision also in the paragraph on collection expenses. In the earlier report dated May 5, 1953, the opinion was expressed that expenses for collection of premiums from agents and other producers should not be included as acquisition expense. In the new report dated Oct. 29, 1953, the subcommittees "make no recommendation at this time in respect to the treatment of expenses for the collection of premiums by companies from agents and producers. This subject should be given further study." On the question of a definition of inspection expenses for lines such as boiler and machinery and elevator liability, the report was amended to say that the committee recommends that the uniform accounting committee "consider" the adoption of definitions of inspection expenses for such lines, whereas the original report recommended that the UA committee "adopt" such a definition.

The industry takes the position that any statement in regard to uniform accounting indications in rate making is

Fire Association Plans to Double Its Capital

Stockholders Fire Association will vote at a special meeting Jan. 14 on a proposal to increase capital from the present 360,000 shares at \$10 par to 800,00 shares at \$10 par. There are only 340,000 shares of stock outstanding at the present, and if this plan is approved it is intended to offer 340,000 shares to stockholders for subscription at the rate of one new share for each one outstanding with the actual subscription price to be determined at the stockholders' meeting. It is intended that this price would be \$22.50 a share and the unsubscribed shares will be sold at public or private sale. The effect would be to increase the capital and surplus by approximately \$7½ million.

The anticipated dividend for the first quarter of 1954 on the increased total number of shares is 52½ cents, or \$2.10 a share annually. Thus a stockholder who owns one share and who buys a new share at the proposed \$22.50, on his two shares would get an annual dividend of \$4.20 as compared with the current rate of \$3.

The directors do not contemplate having their stock offering underwritten, but the company has retained First Boston Corp. to act as advisers in connection with the financing.

The board is also recommending adoption of a stock option incentive plan for key officers and employees under which options may be granted to buy authorized but unissued shares which in the aggregate would not exceed more than 5% of outstanding shares at a price not less than 95% of the market price.

unnecessary in view of the fact that every state has rating laws and the commissioner of each state will make his own decisions under his own law. Also the industry feels that such a statement is susceptible to many interpretations that would be prejudicial to companies and producers. For instance, it might be used as attempted justification for controlling company expenses or agents commissions. The industry believes that a definition of relationship between so-called uniform accounting and rate making should not be attempted. Any such definition could result in distorted and harmful application and interpretation of the rating laws of the individual states contrary to their history intent

(CONTINUED ON PAGE 42)

Kentucky Agents Name C. H. Moore As New President

LOUISVILLE—The annual meeting here of Kentucky Assn. of Insurance Agents had a registration of 560 and was by far the best attended in the history of the organization.

Charles H. Moore, Bowling Green, was elected president, succeeding Hendree B. Milward, Lexington. Guy Billington, Murray, became 1st vice-president, and Robert A. Lawton, Central City, 2nd vice-president. Sheridan C. Barnes, Elizabethtown, was reelected state national director, and Walter R. McCord, Louisville, as full-time secretary.

President Milward in his address outlined the association's work for the year, which showed a gain in membership.

Commissioner Goebel in his talk stated that the automobile casualty rating program, as desired by casualty companies, had not been approved as yet, but did not indicate just what the department's attitude would be.

E. J. Seymour, Monroe, La., president of NAIA, in a talk, "United We Stand, Divided We Fall," discussed the work and purposes of the National association. He urged greater association support on the part of agents.

Arthur M. O'Connell, Cincinnati, NAIA executive committeeman, traced the development of many of the new forms of insurance. He argued that the agent is laying himself wide open to lose expirations under the annual renewal plan at 80%, as he would be forced to keep companies in his office, or see them walk down the street to a competitor's office, if he should elect to change companies carrying such coverage. He held that it takes the renewal out of the hands of the agency and places it in the hands of the company. He said the agents, in fact, do not control their expirations unless they keep the company in their office.

Mr. Barnes' report as state national director was followed by a talk by Edward S. Hartman, Delavan, Wis., north central states director National Tax Equality Assn.

Concluding the program was a forum, "Surveys Sell Insurance." Bayler Landrum, Louisville, president of the Kentucky CPCU chapter, was moderator, with a panel composed of Gerald E. Myers, W. A. Alexander & Co., Chicago; John D. Phelan, American States, Indianapolis, and J. S. Piers, Bradshaw & Weil agency, Paducah.

Record Crowd for Chicago Rally of Insurance Buyers

Internal Operations Take the Spotlight; Only Two Company Men on Program

With more than 800 persons registered, the insurance conference of American Management Assn. last week at Chicago had its largest crowd in history. This year the meeting moved into the area of practical operations of an insurance department, and there was missing some of the spice of former sessions at which a number of company people were on the program and subjected to concentrated interrogatories, mostly loaded with dynamite.

John A. North, president of Phoenix of Hartford, was the speaker at the luncheon Friday and the only other insurance man was J. Henry Smith, vice-president and associate actuary of Equitable Society, who gave a discussion of group insurance costs.

The insurance fraternity made itself felt strongly, however, on the entertainment side with headquarters, receptions and dinners. Marsh & McLennan conducted its reception Thursday evening and as usual this was crowded to the guards. Rollins Burdick Hunter had a reception and served dinner, and there were receptions also given on the part of Johnson & Higgins and Fred S. James & Co. American Foreign Insurance Assn. had a headquarters room, and on Friday morning Lumbermens Mutual Casualty was host at a breakfast for the buyers.

In spite of whatever problems exist, the absence of them on the program and the hospitality of the insurance people tended to make this a pleasant gathering more along the line of education and function than a hashing over of differences of a resume of the demands of the buyers.

The objectives of insurance management were outlined by Edward M. Wegman of Armstrong Cork Co., in his talk opening the formal program.

Not only does the insurance manager buy the protection for his company, but he also takes care of the engineering, inspection and legal services, which Mr. Wegman said can make important contributions in the field of loss prevention. The way which claims are handled can have a strong influence on company public relations, and this occurs at a crucial time.

Although brokers and agents can furnish help, it is the insurance manager who must apply the knowledge to his own business, Mr. Wegman said. The buyer and broker have separate and distinct responsibilities, and Mr. Wegman mentioned that this goes to the point of selection of an insurer.

(CONTINUED ON PAGE 47)

Late News Bulletins . . .

Zurich, Amer. Guarantee Join NAII

Zurich and American Guarantee have joined National Assn. of Independent Insurers as respects automobile lines.

New England Term Rule Changes Rejected

New England Fire Insurance Rating Assn. has turned down proposals to alter the term rule. One would have reduced discounts on three and five-year policies as in New Hampshire, the other would have limited term to five years where presently the Massachusetts law limit is seven.

(ADDITIONAL LATE NEWS ON PAGE 42)

North Preaches the Gospel of Quality in Addressing Buyers

Urges Agents and Brokers to Stress Soundness of Insurers When Selling

John A. North, president of Phoenix of Hartford, making the principal address at the insurance conference of American Management Assn. last week at Chicago, told the buyers sound insurance is too vital to the survival of a company to be bought and sold on a simple price basis.

The insurance business, at the same time, he said, cannot afford to "fool around with gimmicks, tricks, or ledger-dream in our forms of coverage. To experiment and to perform research are both extremely important in order to progress and meet modern business demands; but the public, or policyholders, should not become our laboratory. There are ample facilities for experimentation before any form of coverage is put on the sales counter, but unfortunately such practice has not always been followed during these high-pressure periods."

Business men who have a concept of sound insurance are getting to be rare, he added, but the deeper the concept of sound insurance protection the greater the chances of a company's survival. Buying sound protection is not the same as buying wrenches or lumber. Defects in these items are dis-

tressing but not fatal, while an insurance policy may stand between the life or death of a business.

It is not necessary to pay an extra premium or quality insurance, "standard type companies, regardless of size or strength, charge substantially the same for identical contracts," he commented. However, neither buyers nor brokers can avoid elation over a deal when price advantage enables a large contract to be closed, and Mr. North said the principles he was expounding are likely to become "dimmed in the foggy of such things as lower cost quotations, high commissions, special form interpretation."

A warning of this sort is needed now, he stated, because business is likely to get careless when financial troubles seem relatively remote.

During the last five years insurance has developed more experimental coverages than were put out in the last 50, Mr. North observed, warning some will turn out well, others not. "Some companies can stand the failure of an experiment some may not. That is one reason I caution you today—you must make certain your carrier is one that is likely to survive because it may mean your hide as well."

Mr. North then had some remarks on state regulation, and the place of agents and brokers.

Regulation is being put to a test, he said, now that it is occasionally embarking into the field of challenging management prerogatives. "Signs of a growing state bureaucracy lead one to inquire about the purposes and objectives of state regulation. Higher and higher cost to taxpayers and companies alike continues to result from increased regulation and demand for more and more statistics. Sometimes it would seem there was less and less attention paid to the main purpose of state regulation, namely, solvency." That is another reason for the buyer investigating his insurer carefully, he added.

An insurer about to invest in the stock of a business does so with a good deal of care, and Mr. North said he wonders if buyers exercise the same sort of discretion. Seldom does the buyer inquire about loss-paying ability, shock-proof reinsurance, reserves, experience or character of management, or stockholder, policyholder or employee relations, and while it perhaps is assumed the commission to the agent or broker covers the situation, it rarely does, although the agent or broker may be familiar with the management. "His commission and your rate are no guarantee of the company's ability to meet hurricane, earthquake, conflagration, or serious liability claims in succession," he de-

(CONTINUED FROM PAGE 37)

W. Va. Hearing Turns Into Review of Whole Fire Rate Structure

The request of Fireman's Fund for a 15% rate reduction on certain fire classes in West Virginia has resulted in a decision to review the entire fire insurance rate structure in the state. The hearing that was conducted on Nov. 12 was continued until Feb. 15, although Commissioner Gillooly has said he may reopen it sooner. Both the rating bureau and Fireman's Fund agreed to the proposal of an overall review of rates after a series of presentations by Abraham Kaplan of New York, representing the bureau, and Charles P. Butler of New York, representing Fireman's Fund.

Mr. Kaplan said that while underwriting profit in some of the classes on which Fireman's Fund is requesting a reduction have been higher than normal, in others the underwriting loss has been substantial, giving for the fire business as a whole only a modest profit.

Mr. Butler said he did not wish to answer the bureau's statement immediately, but said: "We believe our application for a deviation was made in the public interest." He went on to say he thinks a review of the entire rate levels during the period 1948-52 "would be more in the public interest than action now on our requested deviation."

Saunders & McAfee, El Paso, Tex., have taken over the Coles Bros. agency, with which they were formerly connected.

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Frank J. Pocquette, Chicago and midwest manager of Meserole group, with Herbert J. Lorber, president of Rollins Burdick Hunter, and Walter R. Hanson, New York vice-president of RBH, at the RBH reception during the AMA meeting at Chicago.

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Top Fire, Casualty Mutual Executives Convene at Chicago

Stellar programs were unfolded this week in Chicago for American Mutual Alliance and allied organizations which include Federation of Mutual Fire Insurance Companies, National Assn. of Mutual Casualty Companies, and National Assn. of Automotive Mutual Insurance Companies. Also, there is the Mutual Insurance Advertising-Sales Conference.

Federation of Mutual Fire Insurance Companies, National Assn. of Automotive Mutual Insurance Companies and National Assn. of Mutual Casualty Companies on Monday conducted their annual meetings and elections.

The federation reelected J. A. Buxton, Federated Mutual Implement & Hardware, as president, and Gary H. Kamper, Badger Mutual, as vice-president. The new directors are L. D. Brill, Northwestern Mutual Fire; H. B. Carson, Millers Mutual Fire; A. R. Craig, Hardware Mutual Fire of the Carolinas, and H. G. Kemper, Lumbermens Mutual Casualty.

The automotive group elected H. W. Yount, Liberty Mutual, as president, and H. G. Durham, Iowa National of Cedar Rapids, as vice-president. The new directors are C. E. Hodges, American Mutual Liability; C. N. Jacobs, Hardware Mutual Casualty; and W. H. Burhop, Employers Mutual Liability, and J. L. Train, Utica Mutual.

W. H. Burhop is the new president of National Assn. of Mutual Casualty Companies, and Carl N. Jacobs is the vice-president. The new directors are A. F. Allen, Texas Employers; E. A. Guest, Exchange Mutual Indemnity; Mr. Train and Mr. Yount.

C. R. McCotter presided at the American Mutual Alliance opening meeting Monday afternoon, which heard "Highlights of 200th Anniversary Program" by J. H. R. Timanus, and L. A. Fitzgerald, respective chairmen of mutual insurance 200th anniversary committees at Philadelphia and Chicago.

"The Problem of the Financially Irresponsible Motorist and the Uncompensated Accident Victim" was dis-

cussed in three parts: Proposed solutions—Paul S. Wise, American Mutual Alliance, Chicago; New York situation—J. P. Craugh, Utica Mutual, and the Wisconsin situation—J. M. Sweitzer, Employers Mutuals of Wausau.

Charles S. Laidlaw, FCIC, discussed "Federal Crop Insurance—Its Past and Future" and was followed by a discussion of "Products Liability and Excess Limits" by H. J. Ginsburgh, American Mutual Liability. A reception and buffet supper then was held.

At the ad-sales conference Monday, whose theme was "Ad-Sales Workshops—A Consideration of Current Practices in the Advertising and Selling of Mutual Insurance", session chairman was D. F. Raihle, Hardware Mutual. Speakers and their topics were: Nugent Wedding, school of marketing, University of Illinois, "Where to Advertise," and Earle Heffley, Lumbermens Mutual, "TV... or Not TV."

J. A. Buxton, president of Federation of Mutual Fire Insurance Companies, was chairman of the companies' meeting Monday morning. Officers were elected at this time and the fire safety committee, C. M. Rowley, American Manufacturers Mutual, chairman, gave its report.

Chairman of the meeting of National Assn. of Mutual Insurance Companies at its Monday meeting was C. E. Hodges, president. Preceding election of officers were reports by the claims executives committee, Theodore Hetzler, Jr., National Assn. of Mutual Casualty Companies, chairman, and the accident prevention division, J. C. Stennet, chairman.

The accident prevention division of National Assn. of Automotive Mutual Insurance Companies gave its report at its group's meeting Monday. Mr. Stennet reported for this division also, and then officers were elected.

American Mutual Alliance's Tuesday sessions opened with a talk on "Developments in Highway Safety Programs" by Richard O. Bennett, automotive group, and he was followed by these others: Tornado Losses, Gordon Davis, Mutual Loss Research Bureau; "Taxation of Insurance Companies", George D. Haskell, Mutual Insurance Committee on Federal Taxation; "What the Public Thinks About Health, Hospital, and Medical Insurance", Robert Froehle, Hardware Mutual, and "Investment Problems of Insurance Companies", Mark Kemper, Lumbermens Mutual.

Dr. Clark G. Kuebler, president of Ripon College, Ripon, Wis., was speaker at the Tuesday ad-sales luncheon. His topic was "The Quest for Excellence—America's Greatest Need".

The ad-sales committee of the alliance sponsored the first two subjects discussed at the alliance's Tuesday afternoon meeting. F. E. Fitzgerald, Grain Dealers Mutual, was chairman of the session, and speakers were F. F. Alexander and K. Thomas Call, both of Liberty Mutual Fire, who jointly discussed "Play for Your Life," and Roger Kenney, United States Investor, "Are Some Lending Institutions Cutting Off Their Noses to Spite Their Faces?"

The office management and person-

(CONTINUED ON PAGE 41)

Cefrey Named as United Benefit Fire Executive V.P.

Earl E. Cefrey, formerly with Zurich-American, has been elected executive vice-president and chief underwriter of United Benefit Fire of Omaha, it is announced by Stewart Smith & Co., Inc. and associated interests who recently acquired majority stock control of United.

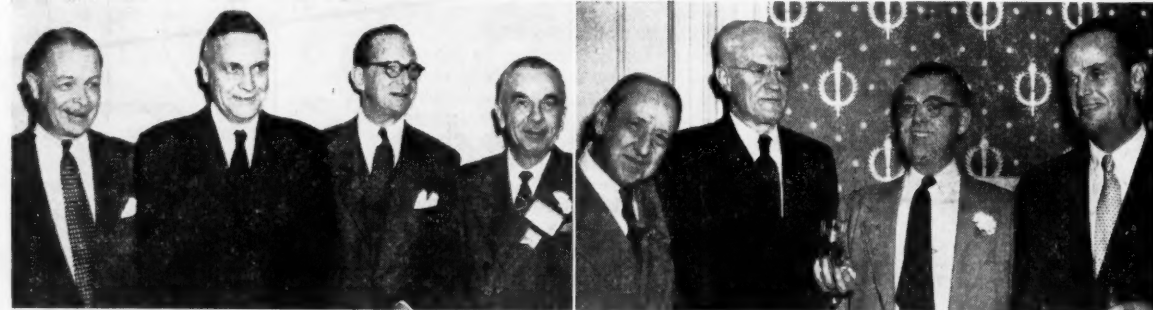


Earl E. Cefrey

Mr. Cefrey had been with Zurich-American since 1941 and recently has been chief underwriter of the eastern department. Until 1941 he was with Glens Falls Indemnity, where he started his insurance career in 1930. He has been engaged in production activities as well as in underwriting.

New Brokerage Firm Head

Herman Schroeder has been elected president of Van Norman & Morrison, Los Angeles brokerage firm, succeeding the late Edward H. Morrison. He has been with Van Norman & Morrison for 5½ years. Before that he was superintendent at Los Angeles for Fireman's Fund. He is a coast guard veteran, and has a 30-year insurance background.



At the Johnson & Higgins reception during the insurance conference of AMA at Chicago: Robert Cram, Panhandle Eastern Pipe Line Co. of Houston; George Cornwall of J. & H.; C.

Z. Greenley, Montgomery Ward & Co., and Paul Walter Sinnett, vice-president of J. & H.

L. J. Ronder, Continental Illinois National Bank; V. L. Montgomery,

Ins. Co. of North America; E. E. Goran, president of Lloyd Thomas appraisal firm, and Paul Corbett, president of Johnson & Higgins of Illinois.

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Diers Tells Chicago A & H Group How to Write Sales Letters

Selling over \$2500 in premium of accident and health while lying in a hospital bed is simply a matter of writing a letter, to Harold R. Diers of Omaha. Speaking before Chicago A&H Assn. at its November meeting, Mr. Diers discussed the "Do's and Don'ts of a Successful Sales Letter or, How to Make a Sales Letter Make Money for You." His A&H agency, which has territory extending as far as the Black Hills of North Dakota, by force of circumstances does 75 to 80% of its business by mail, and it has proved highly successful. "But this is possible only because of tip-top sales letters," Mr. Diers said. He referred to the letter he wrote while confined to the hospital for seven weeks, which met with such success, as merely being based on the principles of any successful sales letter—learning the rules and following them.

Mr. Diers said there is a lamentable situation today in lack of knowledge of rudimentary principles of selling insurance through the printed word, referring specifically to agency managers and even company presidents who fail to leave the "pack of mediocrity" on this point. "When the economic frost arrives, where are these people going to be?" he queried.

By using large charts, emphasizing in print the gist of his talk, the speaker likened the writing of a good sales letter to results the sit-on-the-bank-and-leave-it-up-to-the-fish type of fisherman and his prototype, who sits in a boat and does the same thing will have, compared to the master fisherman who studies the habitats and moods of the fish and knows where and when to fish. His techniques are all planned from the viewpoint of the fish, and he selects his bait with care, casts where the fish will appear, manipulates his lure to attract the fish and then is ready for the strike.

Mr. Diers was very emphatic about removing and getting rid of "I" trouble and the disease of "we-writus" in the letters. "Tell them what kind of policy it is and what it does instead of shouting to high heaven about the policy itself," he said. The letter should be written entirely from a "you" angle, which builds up the ego of the prospect, which is exactly the reverse in the "I" and "we" treatment. "The prospect is inherently selfish and doesn't give a tinker's darn about you and your company," he said. "What will it do for me?" is what is on the prospect's mind.

The first 10 words in the first 10 seconds will determine whether or not the letter goes in the basket, he declared, and pointed out that the upper left hand corner is the most effective place in the letter and should not be cluttered up with a salutation, which he considers archaic. He also suggested putting the letterhead at the bottom. Put a headline in the salutation corner to make the reader stop and want to read on, he said. The more unusual the greater its pull, but it must tie in with the body of the letter, which should repeat at least twice the point being made. He gave five proven ingredients for an effective headline that give it power in a letter or newspaper ad as: Does it interest the prospect? Tell the benefits to be obtained? Have news in-

Commissioners Dickey of Oklahoma and Wells of Indiana at the banquet table with Vestal Lemmon, manager of NAIL, at the independents' St. Louis meeting.

Photo by Guy Ferguson.



terest for the reader? Arouse his curiosity?

Mr. Diers said emphatically it is very poor form for the agent or company official to put his picture anywhere in the letter. But he did point out how successfully a picture, such as that of a prospect's son, can be used. On a medical reimbursement policies alone this method will produce \$500 to \$1,000 in premiums, almost sure fire, he declared.

One major departure which Mr. Diers mentioned was the "tearing down of the idea we have all been taught and sold so thoroughly about getting the money with the application. Do not do this in a sales letter! Tell the prospect not to pay until he gets the policy and enclose a self-addressed stamped envelope. Tell the prospect to sign application and mail it now."

To pass the five tests for layout the letter must invite attention, tell the story at a glance, highlight essentials, be easy to read, and excite interest. "When you can lift your letter writing method out of the commonplace, use the magic of words to weave a dream, then you are a success," Mr. Diers concluded.

Ryan Takes Over Chicago Marine Post for Aetna

Robert S. Dicus, superintendent of the marine department in the Chicago and Cook county office of Aetna Fire, has resigned and is going into another field of insurance. He will announce his plans shortly.

Joseph F. Ryan has been selected to succeed Mr. Dicus. He has been with Aetna for 30 years, for the last 25 in the marine department as an underwriter and field man in Wisconsin.

Frank M. Mitchell has joined the Cook county marine staff. Mr. Mitchell is an experienced company man and has gotten most of his experience in Chicago.

Protest R. I. FR Law

A second suit has been filed in Rhode Island challenging the constitutionality of the state's safety financial responsibility law.

In both cases, motorists were asked to deposit approximately \$1,100 to guarantee payment of a possible judgment after an accident. The superior court has granted a temporary restraining order preventing the state registry of motor vehicles from suspending the registration of the second plaintiff pending a hearing.

Keller Is S. F. Speaker

Edward E. Keller, general agent of Lincoln National Life, addressed the November meeting of A&H Insurance Managers Assn. of San Francisco on "A&H Opens the Door to Life Sales."

Will C. Thompson of the Thompson & Coe law firm at Dallas will address the Nov. 24 luncheon of Dallas Casualty Underwriters.

New Classification Plan for Auto OK'd in Ohio, Neb., W. Va.

The new classification plan of the National Bureau has now been adopted in Ohio, Nebraska and West Virginia.

The Ohio changes have been hanging fire for some time while an attempt has been made to iron out the conflict in the rating situation between the bureau and the local Ohio Bureau of Casualty Underwriters. Now that this has been resolved in most particulars, the two groups will charge substantially the same rates, although the Ohio Bureau will not use the classification plan 100%.

The state of Ohio is divided into 23 territories. Rates for Cleveland as shown in THE NATIONAL UNDERWRITER last week are now being adopted there. In Cincinnati the class 1 rate of \$44 now becomes—1A \$38, 1B \$44, 1C \$54. The old class 2 rate of \$73 is now 2A \$69, 2B \$79, 2C \$95. Class C stays the same, \$63.

In Columbus and vicinity the \$46 class 1 rate now becomes 1A \$39, 1B \$46, 1C \$55. The \$75 class 2 rate now goes to 2A \$71, 2B \$82, 2C \$98. Class 3 is the same at \$65.

In Toledo and vicinity, the old class 1 rate of \$45 now becomes 1A \$38, 1B \$45, 1C \$55. The \$74 class 2 rate is divided now into 2A \$70, 2B \$81, 2C \$96. The class 3 rate is \$64.

In Nebraska the rates show a tendency to increase a little more substantially. The territory involving Omaha, which took a class 1 rate of \$38 now goes 1A \$36, 1B \$42 and 1C \$51. The \$63 class 2 rate now becomes 2A \$66, 2B \$75 and 2C \$91. Class 3 rate is increased from \$55 to \$60.

At Lincoln, the old class 1 rate of \$32 becomes 1A \$31, 1B \$36, 1C \$44. The class 2 rate of \$53 goes to 2A \$56, 2B \$64, 2C \$77. Class 3 jumps from \$46 to \$51.

In the remainder of the state, class 1 rates go from \$20 to 1A \$20, 1B \$23, 1C \$28. Class 3 rate of \$33 goes to 2A \$37, 2B \$41, 2C \$50. Class 3 is increased from \$39 to \$43.

The West Virginia new rates in territory 1, which takes in Charleston, Parkersburg, Wheeling and Huntington, among others, is 1A \$40, 1B \$46, 1C \$57 as compared with the old charge of \$46 for class 1. Class 2, which used to be \$76 is now 2A \$73, 2B \$83, 2C \$99. Class 3 is the same at \$66.

Hall Is L. A. Speaker

Stewart L. Hall, assistant director of field training of Occidental Life, was the speaker at the November meeting of A. & H. Managers club of Los Angeles. His subject was turnover of agents. He said there are three kinds of agents; 10% will succeed, 10% will fail, and another 80% will be affected one way or the other by the supervision they receive.

Cal. Atty. General Asks Injunction on American Auto Ads

LOS ANGELES—Attorney General Brown has filed in superior court here a petition for an injunction to restrain American Automobile from further use of advertising material in national publications regarding excessive verdicts in automobile cases.

Mr. Brown charges the advertisements violated section 95 of the California penal code, which prohibits attempts to influence a juror with respect to his verdict by means of any communications, oral or written, by means of any promise of assurance of any pecuniary or other advantage.

He alleges the advertisements constitute a conspiracy to prejudice and corrupt jurors against their sworn duty to give litigants a fair and impartial trial.

The court is asked to require the companies to refrain from further publication of the advertisements or to forfeit all rights to do business in California. As an alternative the court is asked to force the companies to publish a retraction.

The action has been taken in the face of the fact that courts in other jurisdictions have decided practically similar suits in favor of the companies.

Decoy Money Notice Aimed at Discouraging Holdups

American Surety, which earlier this year issued a card of suggestions on what bankers can do about bank holdups, which are on the increase—in advance, during, and after, has revised somewhat and reissued, following the receipt of several suggestions for change.

The company also has prepared for use by banks that desire it a card that can be displayed. Entitled "notice" it states: "To aid law enforcement agencies in apprehending hold-up men, we always keep plenty of identifiable currency in our cash. 'Hot' money will burn their fingers." The idea here is to discourage bank holdups in the casing stage.

As President A. F. Lafrentz points out in a message to bank officials, decoy money may be in the form of marked currency, unmarked currency the numbers of which have been recorded or unmarked currency the face and numbers of which have been filmed.

New Iowa Chairmen Named

Paul H. Cheyney of Glenwood, president of Iowa Assn. of Insurance Agents, has appointed new committees. Agents, has appointed new committees. Chairmen include: L. D. Burkhalter, Cedar Rapids, property committee; William C. Brown, Des Moines, accident prevention; Robert D. Cline, Des Moines, finance; Ray Murphy, Jr., Des Moines, agency management; Richard Grossman, Marshalltown, education; Joe W. Carberry, Cedar Rapids, local board and membership; C. D. Friday, Osceola, rural and small lines; Charles J. Smith, Des Moines, casualty; Phil Jester, Des Moines, fidelity and surety; Fred Tesmer, Waterloo, legislation; B. W. Hopkins, Des Moines, metropolitan and large lines; E. L. Lane, Independence, trade associations and public relations; and William F. Grandy, Sioux City, fire safety.

National Bureau of Casualty Underwriters' new classification plan for automobile B1 and PDL has been approved in Alabama.

Storm Claims in Northeast May Total 100,000 but Insured Loss to Be Less Than \$10 Million

NEW YORK—There is substantial divergence in the estimates of number of claims and amount of insurance money which will be paid out as a result of the big windstorm which hit the northeast Nov. 7. Several large insurers are getting claims at such a rate that they have revised sharply upward the original estimate by National Board, of 50,000 claims and \$7½ million.

However, the National Board estimate is for New Jersey, New York, Connecticut and Massachusetts. One insurer reports that on the basis of early indications it will get several thousand claims from Maryland, that the eastern shore and Baltimore city areas are reporting a number. It also is getting many from Maine, New Hampshire and Vermont, from the same storm.

One guess is that the claims may total 100,000 but that the total insured loss may not exceed \$10 million.

A feature of the storm insurance-wise that is unique, according to loss men, is that a very high percentage of losses are turning out to be not recoverable under the insurance. This is because so much of the damage was along the sea coast, done by waves and water. One loss man estimates that 35 to 50% of the claims are not covered at all.

Most of the wind losses are small. There are many TV antenna losses. In New Jersey and New York apparently most insured carry full extended coverage since the deductible is optional. These were the states where the most severe damage was inflicted, especially in northern Ocean county in New Jer-

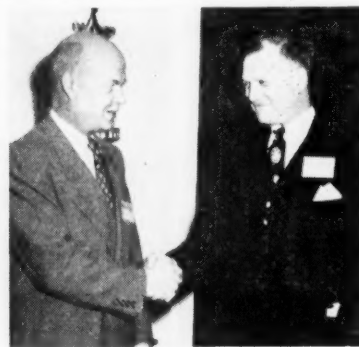
sey and the south shore of Long Island in New York. In Massachusetts and Connecticut, however, the deductible is mandatory and there many losses will not result in claims and many claims will not end up with payment.

That waves and water did so much more violence than the wind is strikingly illustrated by the experience on one Long Island estate where the waves smashed seawalls and house to the tune of \$100,000 and the wind damage was \$100.

General Adjustment Bureau has opened special offices with extra adjusters at Atlantic City, where it is estimated there are 5,000 insurance losses; at Asbury Park and the nearby Long Beach Island, which is off the coast and which has many summer properties. In the Asbury Park territory, the insured losses are estimated at 10,000; at Hempstead, L. I., losses up to 4,000; Patchogue, L. I., losses up to 4,000 and New Bedford, Mass., up to 2,000, including those on Cape Cod.

Most losses are expected to be reported promptly. Weather has been fine and the Nov. 11 holiday enabled many owners of summer homes to check damage at once. Cold and snow succeeded the 1950 storm and many summer home losses were not reported for months.

Marine men report substantial losses to cargoes on wharfs and in warehouses where the tides, built up by winds, hit the shore hard in the New York-New Jersey harbor area, and many yachts sustained damage all along the coast where they had not been put up for the winter.



Robert Jamieson, Detroit Automobile Inter-Insurance Exchange, the outgoing president, with Charles M. Fish, Freeport Motor Casualty, the new president of National Assn. of Independent Insurers at the annual gathering at St. Louis. (Photo by Guy Ferguson)

A & H Progressing but Still Further Improvement Needed

"The Significance of Sound and Fury" in A & H insurance gives a warning that while the industry has made great public service progress, important developments must still be forthcoming.

Speaking before Southeastern Actuaries Club at Atlanta, Robert H. Rydman, H & A Underwriters Conference associate general counsel, borrowed from Shakespeare's Macbeth to say:

"In our business we had best take cognizance of the sound and fury from Washington—and elsewhere continue to improve our product. If private insurance does not do the job—the government will.

"There are still vast numbers of older people uninsured. Many are leaving jobs and group insurance advantages every day."

Mr. Rydman said that insurance department complaints are proportionately fewer than they were a few years back. "But we must still recognize that dissatisfied customers do exist. We must continually improve our product and our methods of operation to reduce these numbers even further."

He noted that 50% of all A & H complaints were usually limited to 10 or 15 companies out of an estimated 600 in the business.

On the positive side, Mr. Rydman urged a "grass roots" educational program for the public. "Too many have improper ideas as to what they are buying. Too many are not aware of the generally high standards of service of most insurers and tend to judge the entire industry by the questionable practice of a very few companies.

"Fierce company competition plus a realistic understanding of the product by the public will illuminate questionable practices and reduce the sound and fury. Greater dignity will be given the private enterprise solution of our economic ills brought on by medical expenses."

O. Changes Effective Nov. 30

The fire insurance form, rate and rule changes that were explained to Ohio Assn. of Insurance Agents at the annual meeting recently at Toledo, will become effective Nov. 30.

The Ohio agents are elated over having had advance notice of these revisions in a detailed way, and to commemorate this event a special award was given M. E. Peterson, Springfield F. & M., president of the Western Underwriters Association, at the Toledo convention.

Bureau Revises OL&T, M&C Rates in 11 States

National Bureau of Casualty Underwriters has announced new BI rates for OL&T and manufacturers and contractors classifications in a number of states, and new comprehensive personal liability rates have been announced for individual homes and apartments and farms in Missouri.

New OL&T and M&C rates go into effect in Arkansas, California, Colorado, Delaware, District of Columbia, Missouri, North and South Dakota.

Revised rates for M&C are being put in Idaho and Mississippi, and new OL&T rates only go in Nebraska.

In Missouri, the CPL rate including initial residence premises is increased from \$10 to \$11; that including initial residence premises with incidental professional occupancy from \$15 to \$16 and that including initial farm premises from \$10 to \$12.

OL&T classifications affected by changes are those rated on an area and frontage basis, and this takes in stores, hotels, churches, hospitals, clubs, restaurants, apartments and tenements, boarding or rooming houses, and mercantile office buildings.

M&C rates are being reduced generally or remain unchanged. For some classifications there are increases, however.

The revisions for both lines on a statewide average for the states affected are:

	OL & T % Increase	M & C % Increase
Ark.	6.5	-24.4
Calif.	2.9	8.0
Colo.	-24.2	-22.6
Del.	11.4	-25.2
D. C.	14.8	-5.3
Idaho	No Change	-9.7
Miss.	No Change	-24.4
Mo.	10.3	-24.8
Neb.	13.9	No Change
No. Dak.	15.7	-22.6
So. Dak.	6.5	-22.6

Acting Commissioner Hostetler of North Carolina will hold a hearing on the proposal for 5% allowance for underwriting profit and contingencies in the M&C and OL&T rates. The hearing will be Dec. 9 at the department offices. The present allowance is 2.5%, and 5% is allowed only on glass in North Carolina.

Lincoln Claim Men Elect

E. E. Haydon, claims manager of Standard Reliance, was elected president of Lincoln (Neb.) Claim Men's Assn. at the annual meeting. Harold J. Holmquist, Capital Fire, is secretary; G. E. Warner of Hartford Accident, 1st vice-president, and Jack McKinney, State Farm, 2nd vice-president.

Northern's Veterans Meet

Northern Assurance's Silver Club had its annual gathering at New York City this month. There were 36 attending, and at the same time similar meetings were held at Chicago and in the Pacific Coast department. The club now has 58 members representing 24% of the company's staff. An address was given by Earl D. Patton, U. S. manager.

Salvage Co. Names Three

Three staff members of Underwriters Salvage Co. have been promoted on the Pacific Coast. Thomas O. Higginson, who has been office manager in the Pacific department has been promoted to special agent in charge. W. W. Finke, automobile manager is the new office manager, and William N. Howard, assistant automobile manager, succeeds Mr. Finke as auto department head.

J. C. Mullen Retires from High Employers Posts

Announcement has been made of the retirement of J. Chester Mullen, deputy manager of Employers Liability and vice-president of Employers Fire and American Employers.



J. C. Mullen

This year is Mr. Mullen's 40th with the organization. He became assistant president in 1943, and in 1947 was elevated to deputy manager of Employers & Liability.

Loyalty Veterans Meet

The 25-year club in the western department of Loyalty group held its annual meeting last week at Chicago. This group has 75 active members, and the club has a countrywide membership of 355. Meetings of the company veterans were conducted also at Newark, San Francisco, Dallas and Boston. At Chicago, the toastmaster was H. A. Clark, vice-president.

D. C. Agents Hold Banquet

WASHINGTON—Joseph Neumann, NAIA vice-president, was guest of honor and extended greetings at the D. C. Assn. of Insurance Agents annual banquet. Other invited guests included D. C. Superintendent Jordan, D. C. Police Chief Robert Murray, Fire Marshal Ray Roberts; W. Cameron Burton, president D. C. Bar Assn.; John R. Barrett, president D. C. Insur-

ance Managers Assn.; Edward K. Jones, president D. C. Building & Loan League; George Keneipp, D.C. director of vehicles and traffic.

The dinner was preceded by a cocktail party given by insurance companies. Leon Brusiloff m.c'd. a program of entertainment.

NYC Claim Men Elect

Metropolitan Claims Conference of New York at its annual meeting in New York City elected John E. Mahoney, superintendent of claims of Employers group, president; Stanley Hicks, claim manager of New Amsterdam Casualty, vice-president, and John E. Christ of Fidelity & Casualty's law and claims department, secretary-treasurer (reelected). Howard Ballantyne of Continental Casualty led a discussion of coverage C under the standard automobile liability policy.

New Excess Agency

Van Ommeren & Norwood, New York City, is a new corporation which has succeeded Phs Van Ommeren Shipping, U.S.A., Inc. in the insurance business. The new corporation serves as domestic and excess insurance brokers. Roger C. Norwood is president and Arthur Olsen vice-president. Both held the insurance positions with the former corporation.

Certiorari Is Denied

WASHINGTON—The U. S. Supreme Court denied certiorari writ in No. 369, Lallak vs. Farmers Mutual of Maryland.

Col. Clarence F. Cronish, director of Indiana Aeronautics Commission for eight years, has joined the Wells & Co. agency at Indianapolis specializing in aviation insurance.

Estimate N. Y. Probe Covers 500 Welfare Funds; 83% Insure

NEW YORK—Union welfare funds, all of which are being investigated by Special Counsel George Trosk of the New York department, number about 500, according to a rough and unofficial estimate from state labor department sources. Probably about five-sixths are covered wholly or in part by insurance written in companies or the Blue Cross.

A more accurate figure is expected later this week from Mr. Trosk, as his staff is in the process of gathering data on the number of funds and the types of insurance they carry, if any.

When the state labor department made its last previous check, there were 306 such funds as of Jan. 1, 1951. Thus funds are administered either by unions or by unions and managements jointly. Since the 306 tally, there has been a big increase in number of funds though nowhere near a proportionate increase in number of members covered or dollar volume of funds handled. The increase in number of funds has been especially notable in the building trades in upstate communities. Of the 306 programs, 50, or slightly less than one-sixth, were wholly self-insured. Presumably the increase in number of funds would decrease the percentage having any form of self-insurance, since the added funds have averaged fewer members than those included in the 306 total, and the smaller the fund the less likely it is to self-insure.

Where partial self-insurance is used, it is usually only for a small part of the program. For example, the Hotel Trades Council insures its life insurance and surgical with a company, its hospitalization with Blue Cross, and has its own health center for medical service.

The state labor department said in its report of January, 1951, that "insurance companies underwrite some or all of the health insurance features of four-fifths of the 306 union and union-management administered programs. In slightly more than one-half did insurance companies handle the entire health insurance program. In the rest, Blue Cross provides hospitalization."

In many instances United Medical Service or Group Health or H.I.P. provide the medical care insurance.

Of the one-sixth that wholly self-insure, most are accounted for by locals of the International Ladies Garment Workers Union, three electrical union locals, and a hatters' union.

New S. F. Law Partnership

Sidney L. Weinstock, Roger Anderson and Harold J. Chase have formed a law partnership at San Francisco. Mr. Weinstock was California deputy legislative counsel from 1936 until 1939 when he entered the California insurance department. He was deputy commissioner until 1943 when he went into private practice and subsequently Robert Anderson and Harold Chase became associated with him.

Colo. "T" Day a Success

The regional insurance day at Pueblo for agents in southern Colorado attracted about 100 persons. This was sponsored by Rocky Mountain CPCU, Colorado Insurers Assn., Mountain States Assn. of Casualty & Surety Companies, Fire Underwriters Assn.

of the Mountain States, and the Pueblo association.

The agents on the western slope will have their meeting at Grand Junction Nov. 21. Rocky Mountain CPCU will provide most of the speakers, and this meeting also is expected to have an attendance of nearly 100.

Buyers Hear Greenley

Mid-West Insurance Buyers Assn. of Chicago at the Nov. 19 meeting heard a talk by Casimer Z. Greenley of Montgomery Ward & Co. on when and how to self-insure.

U.S.F. & G. to Open Two New Branches Jan. 1

U.S.F. & G. will open new branch offices at Nashville and Scranton, Pa., Jan. 1. William T. Parish, Jr., who has been manager at Columbia, S. C., will become manager at Nashville. Charles H. Graff, state agent at Nashville, will be assistant manager. Mr. Parish was formerly assistant manager at Louisville and Mr. Graff a special agent in North Carolina and special and state agent in Tennessee.

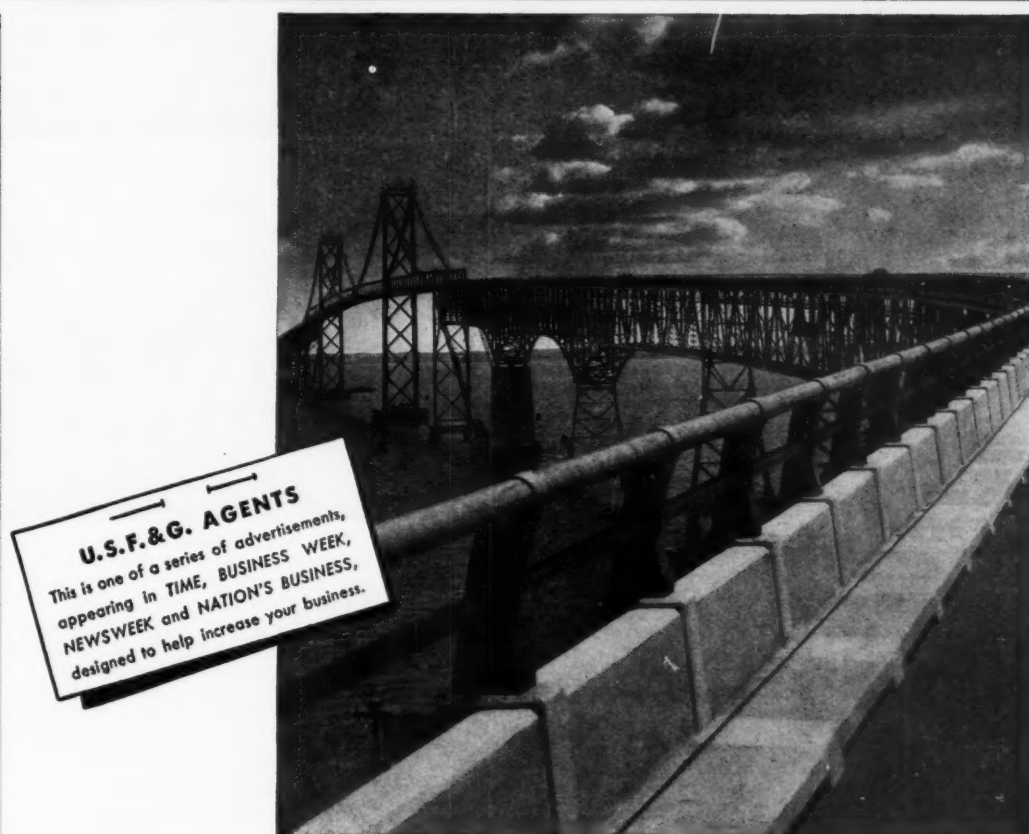
John D. Kemple, special agent in

charge of the service office at Scranton, will become manager there.

Robert A. Bolin, who has been assistant manager at Columbia, will succeed Mr. Parish as manager. He was formerly underwriter and special agent at Atlanta.

Joins Wells & Co. in Ind.

Col. C. F. Cornish, who for eight years has been director of Indiana Aeronautics Commission, has joined Wells & Co. general agency of Indianapolis as special representative.



Helping the 'twain' to meet

The impressive Chesapeake Bay Bridge, which now links the eastern and western shores of Maryland, has reduced a journey which once took hours to a matter of minutes. This multi-million dollar structure measures 4.3 miles from shore to shore, with 3 additional miles of approaching roadways.

So vast an undertaking required the combined

skills of every segment of the construction industry — designers and engineers, contractors and builders — and of the banking and insurance industries which supported the venture.

Playing a major role in the project, U.S.F. & G. provided a variety of casualty insurance and surety bond coverages and thus helped the twain to meet.



Over ten thousand agents . . . there's one in your community. Consult him as you would your doctor or lawyer.

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CASUALTY-FIRE
INSURANCE
FIDELITY-SURETY
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United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto

the sad story of the **CAREFUL** family



Look out, Pa! There's safety under foot, but danger overhead. No telling *what* will cause an accident these days. Even the most careful families need L & L Personal Accident insurance.



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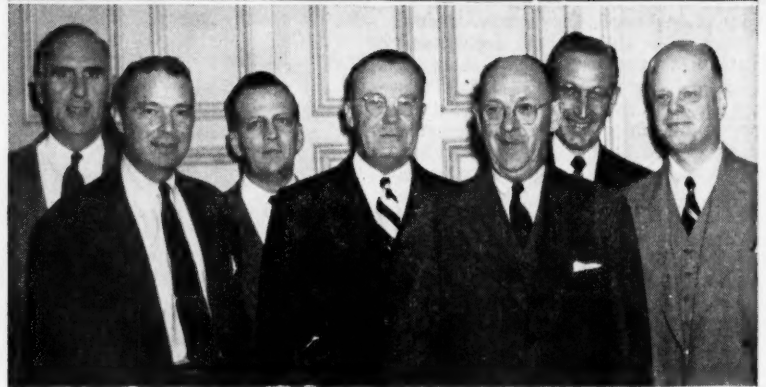
Words We Work By

CHARACTER

Character, a wise man once noted, is what you are—reputation is what others say you are. We value our reputation—but never overestimate it. We prize our character—and constantly try to improve it. This, we believe, is our greatest guarantee of continuing service to our agents, to the industry and to our assureds.

THE LONDON ASSURANCE
1720

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Top: B. J. Nichols of Fred S. James; Fred Todt, Jr., Bruce & Co. agency of Youngstown, O.; Paul Schindler, Youngstown Sheet & Tube; George W. Blossom, III, a member of the firm of Fred S. James, and Harold Larson of James & Co., in the headquarters room of James & Co. at the AMA meeting at Chicago.

Bottom: K. O. Saunders of Fred S. James; Rush Butler, vice-president of Fred S. James; Herbert Anderson, assistant manager at Chicago of Phoenix of Hartford; Urban Lelli, resident secretary of Phoenix; William Potter, secretary of Phoenix; Donald Valentine, of Fred S. James, and John A. North, president of Phoenix and the luncheon speaker at the AMA meeting.

San Antonio Holding Insurance Day Seminar

An Insurance Day Seminar is being held at San Antonio Nov. 19. Included on the program are Carlos W. Coon, president of San Antonio Insurance Exchange, who will give the opening address; Drex G. Foreman, secretary Texas Assn. of Insurance Agents; Charles G. Griffith, Royal-Liverpool, speaking on "Automobile Competition of Direct Writers"; Harold McAllister, Phoenix-Connecticut group, "The Accounts Receivable Policy"; Forrest Pearson, president Texas Assn. of Insurance Agents; Harrison Hines of Hines Bros., Atlanta, and Gordon Friedrich, former president of San Antonio Exchange, "General Basis Schedules—Changes."

NAMIA Committees Named

Harry E. Uhler of Baltimore, president of National Assn. of Mutual In-

urance Agents, has announced his new committee setup.

John H. Kroll, retired president, is chairman of the anti-coercion committee. The other committees and their chairmen are: Agency management, C. Goodman Jones, Bluefield, W. Va.; CPCU, Howard W. Legg, Baltimore; finance, C. M. Boteler, Washington, D. C.; fire safety, R. R. Allsopp, Fayetteville, Pa.; casualty, Henry Bean, Haddonfield, N. J.; national affairs, Hugh H. Murray, Jr., Raleigh, N. C.; planning, B. G. Sager, Cleveland; resolutions, Marlin Moore, Tuscaloosa, Ala.; errors and omissions, Ray Shenefield, Toledo, and by-laws, F. H. Craft, Greensboro, N. C.

State Fund of New York held a policyholders' advisory council and safety award dinner meeting in New York City at which the executive director, William B. Folger, discussed safety programs and awards were presented to winners of 1953 safety competition.

Fire and Allied Lines
MILLERS NATIONAL Insurance Company
Since 1865

Eastern Department...
PHILADELPHIA
Pacific Coast Department...
SAN FRANCISCO

Since 1876
ILLINOIS FIRE Insurance Company
Fire and Allied Lines

S.F. Speaker Urges Insuring Driver Rather Than the Car

Addressing Insurance Forum of San Francisco, John Drenth, manager of Employers Mutual Liability at San Francisco, criticized the "fallacy" of using the registered owner as a premium base for automobile liability when the law places the obligation upon the driver. He advocates insuring the driver rather than the car; then "each driver will be on his own record."

The person causing the accident would have to prove to his carrier or to another insurance company taking over his insurance that he had learned his lesson and was determined to earn the right to be insured. The renewal premium could be paid as life or disability policy premiums are now paid." This, he said, would "freeze" the business in the producer's office and in the company he represents. "Lower commission would follow and fewer losses would cut down the loss ratio. There would be fewer premium dollars and the cost of automobile insurance would go down. Public demand would be met," he stated.

Mr. Drenth said that in workmen's compensation insurance a little progress has been made by establishing average rates on some large construction projects but that there is plenty of room for further progress. In liability insurance there is a need for extension of the use of composite rates. It is not being realistic, in his opinion, to adhere to one particular rate basis simply because statistics in the past have been developed on that basis.

Capital stock insurers have the burden and the responsibility to prove to the public that the service which they and their agents provide is worth the rates charged in competition with mutuals, specialty companies and direct writers, Howard L. Martin, C.P.C.U., dean of the school of insurance of Golden Gate College, said.

He added that if the stock companies cannot prove superior service through their agents, they—and the agents—cannot complain if the public "shops around" for coverage.

Lloyd Is Houston S. A.

Frank G. Lloyd has been appointed special agent in Houston for Frank Rimmer & Co. He succeeds the late Ray Stevens. Mr. Lloyd is a former field man and has most recently been doing special work in the placement of public insurance for Insurance Exchange of Houston.

I.C.T. Opens Bond Division

A new fidelity and surety department has been inaugurated by Ins. Co. of Texas, with Hoyt R. Warren as manager. He has 31 years experience in insurance.

IM Group Hears Attorney

Inland Marine Claims Assn. of the Pacific at the Nov. 10 meeting heard a talk by Jerry Downs of the San Francisco law firm of Thornton & Taylor on the responsibility of a bailee for personal property with particular regard to inland marine forms and personal property floaters.

Coast Hq. Nearly Ready

Providence Washington is expecting to complete construction of its Pacific Coast headquarters at San Bruno in the middle of January. This is an ultra-modern building and will be head-

quarters for the eight western states and Hawaii and Alaska. It will have about 115 employees and will have parking space for 56 cars.

Drive-In Claim Service

Allstate has opened a new district service office at Fort Wayne, Ind., offering drive-in claim service. Charles T. Hooker is manager and Paul Hults material damage adjuster. Both were formerly at Muncie, Ind.

Robert F. Hardwich has purchased the Ronald Zimmerman agency at Galena, Kan.

Regional for Vt. Agents

Vermont Assn. of Insurance Agents held its first regional meeting of the year at Bellows Falls with about 70 attending. Louis M. Tims, deputy commissioner of the motor vehicle department, talked on the financial responsibility law, and there was a discussion of the new National Bureau classification plan by R. C. Shipley, Portland manager of the bureau.

American Re Correction

The NATIONAL UNDERWRITER was in error in the Nov. 12 issue when it

referred to American Reinsurance and the steps it has taken to convert capital into 800,000 shares of \$5 preferred stock. This should have been par, not preferred, stock.

Assn. of Casualty Accountants & Statisticians will hold its annual meeting Dec. 14 in New York City. Many problems confronting the industry will be discussed.

Roseburg (Ore.) Assn. of Insurance Agents has elected G. W. Tipton president; Ray Tucket, vice-president, and Randall Young, secretary.

BETTER PROTECTION AT LOWER COST THROUGH COMBINATIONS OF ADT Automatic PROTECTION SERVICES

BURGLAR ALARM SERVICE
for
PREMISES, SAFES and VAULTS

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ADT Automatic Protection Services eliminate dependence on the fallible human element by safeguarding property and profits with systems which stand guard 24 hours a day, every day in the year, to detect and report trouble conditions automatically.

An ADT representative will be glad to survey your premises and to show you how these services can be applied. Telephone the nearest ADT Central Station or write to our New York Executive Offices.

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CENTRAL STATIONS IN PRINCIPAL CITIES

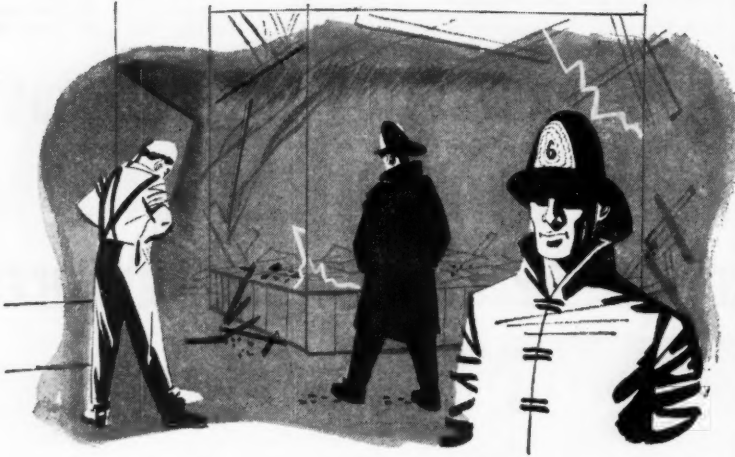
Hawkeye-Security Change

Effective Jan. 1, all Ohio business of the Hawkeye-Security-Industrial group will be reported to the eastern department at New York and not to Des Moines as heretofore. The Cleve-

land service office and the Ohio field will continue under the direction of State Agent Dick Hulsman.

Vice-president George E. Allen, manager of the eastern department, traveled Ohio for many years and is well known there.

POST MORTEM... THEN WHAT?



Causes known? . . . perhaps not . . . but the damage is already done. When a business is interrupted by even a small loss, earnings stop but expenses go on. The answer is Business Interruption Insurance—to reimburse the insured during the period of restoration just as though there had been no loss. Business Interruption Insurance is vital . . . any business is your prospect.

You'll find the coverages you need to work out sound insurance programs for your clients through the Saint Paul Companies.

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Sam G. Peters, London & Lancashire, was elected president of Capitol Stock Fire Insurance Assn. of Louisiana at New Orleans last week. Mr. Peters (right) holds the framed plaque which was presented to the retiring president, James J. Howe, with A. H. Turner, managers. At the left is Claude J. Blackstock, Northern of London, the new vice-president, holding a silver dish which was also given to Mr. Howe. Frank J. Graf, Henry A. Steckler Co. (third from left), was elected the new secretary-treasurer.



Perrin Heads New Marine Definition Interpretation Group

At the organization meeting in New York of the industry committee on interpretation under the new nationwide marine definition, E. J. Perrin, Jr., of Automobile was elected chairman; Felix Hargrett of Home, vice-chairman, and Joseph G. Bill of Inland Marine Underwriters Assn., executive secretary-treasurer.

The committee was authorized by the commissioners at the San Francisco meeting and consists of five senior executives from each of the three segments, marine, fire and casualty. A 15th member is yet to be named and since there are only four fire men named so far, presumably he will be a fire man.

Under the new definition the committee is advisory to the commissioners, superintendents and directors, and its interpretations will be recommendations to the respective supervisory officials. The interpretations will be in the nature of a guide, in the interests of uniformity. Under the old definition the interpretations were enforced as to all companies doing business in the state. There is no agreement under the new definition and therefore no signatories.

Study Dean Schedule

A clinic-type study of the Dean schedule has been undertaken at Michigan State College, under auspices of Michigan Assn. of Insurance Agents. The two-day institute attracted 36 local agents and 32 field men. The Dean schedule had been viewed by many as too complicated for study except by inspection bureau personnel or company field men with bureau experi-

ence, but the results of this experiment were called more encouraging than anticipated.

Jack Butterick, assistant to W. O. Hildebrand of the Michigan association, served as instructor. He was formerly with Michigan Inspection Bureau and later for some time with the insurance department.

International Maps Advanced A & H Course

International Assn. of A & H Underwriters is starting plans for development of an advanced course, to follow the basic DISC introduced in 1952, which will cover A & H estate planning and business A & H.

C. O. Pauley, retired managing director of H & A Underwriters Conference, has tentatively agreed to coordinate the planning. John Galloway, Provident L & A, Birmingham, is chairman of the board of the International.

Plans are to send a questionnaire to all companies now writing A & H, asking suggestions for content and organization of such a course. This probably will be followed by a meeting of association representatives and company men to decide on the final outline. Likely site for the meeting is Purdue University, Lafayette, Ind.

The course probably will not be sponsored by local associations, as in the case of DISC, but will be conducted once a year at universities throughout the country. Volunteer instructors may handle the technical instruction, and "local talent" the sales subjects in the course.

National Fire has increased its quarterly dividends to 75 cents, putting the company now on a \$3 year annual basis, whereas in the past it has been \$2.60.

NATIONAL INSPECTION COMPANY CHICAGO, ILLINOIS

Service to Stock Fire Insurance companies for 50 years.

Inspections and Underwriting Reports.

H. B. Chrissinger
Manager

P. A. Pederson, Chief Inspector

R. L. Thiele
R. M. Hubbell

Ass't Managers

Agenda for Miami Meeting of NAIC Is Prepared

The program has been completed and published for the mid-winter meeting of National Assn. of Insurance Commissioners Nov. 30-Dec. 3 at Miami, Fla. The meetings will be at the Sans Souci hotel and the Sea Isle hotel.

On Monday morning between 9 and 10 are scheduled meetings of the examination manual changes sub-committee, reinsurance technicians sub-committee, standard classification of fire occupancy hazards sub-committee. This will be followed with meetings of the assistant secretary's office sub-committee, credit life and A&H sub-committee, uniform qualification and licensing laws, and workmen's compensation small policy economy sub-committees. Then from 11 to 12 there will be meetings of Blue Cross and Blue Shield sub-committee, insurance sales on U.S. military bases committee, security and solvency fund sub-committee, and valuation law amendments sub-committee.

In the afternoon, beginning at 1 p.m. the examination manual revisions sub-committee will have a meeting and then beginning at 2 o'clock the group life study, the reinsurance, and auto rates by driver classification sub-committees will meet. There will also be a meeting of the constitution and by-laws revisions committee. The executive committee will hold a closed session from 3 p.m. to 4 p.m., and this will be followed by a two hour open session beginning at 4 p.m.

On Dec. 1 at 9 a.m. the fire and marine committee and the examination committee will have meetings and then at 10 o'clock there will be meetings of the definition and interpretation committee and the unauthorized insurance committee. At 11 o'clock will come the first plenary session. There are no meetings scheduled for Tuesday afternoon.

On Wednesday, Dec. 2, at 9 a.m., the A&H committee will meet, as will the life committee. That afternoon at 1:15 the casualty and surety committee will have a gathering and so will the blanks committee. At 2:45 there are scheduled meetings of the taxation and rules committee and the uniform accounting committee, and then at 4 p.m. the rates and rating organizations committee will have a meeting.

On Thursday, Dec. 3, at 9 a.m., the fire prevention committee will meet, as will valuations of securities committee and the workmen's compensation committee.

At 1 p.m. the executive committee will have a meeting and then the zone 3 meeting will be conducted at 2 p.m. The second plenary session will be at 3 p.m. that day.

Then on Dec. 4, at 9 a.m., there will be a plenary executive session.

All the full committee and executive committee and plenary sessions are scheduled for the Sans Souci hotel.

Excelsior Field Men Rally

Field men of Excelsior of Syracuse met this month at the head office for a five-day session. The wives of the field men also participated in this gathering. Among the events were a reception, an all-day session of the planning committee and the field men, a dinner at the home of President

Forrest H. Witmeyer, a meeting of the officers and field men, a trip to the Syracuse-Cornell football game, and a quarterly meeting of the directors that was attended by the field men.

Canavan Effort Flops

The effort of Rep. Harold W. Canavan of Revere to have the Massachusetts legislature call itself back into a special session to consider the state's compulsory motor vehicle liability laws fell flat. Only 95 representatives of the 121 needed and 10 of the 21 senators needed were in favor.

Miss. Commissioner Rejects Auto Filing

Commissioner Davis of Mississippi reportedly has turned down the National Bureau rate filing. This called for an increase in the basic rate as well as for use of the expanded classification plan. He has approved the merit rating plan of Zurich.

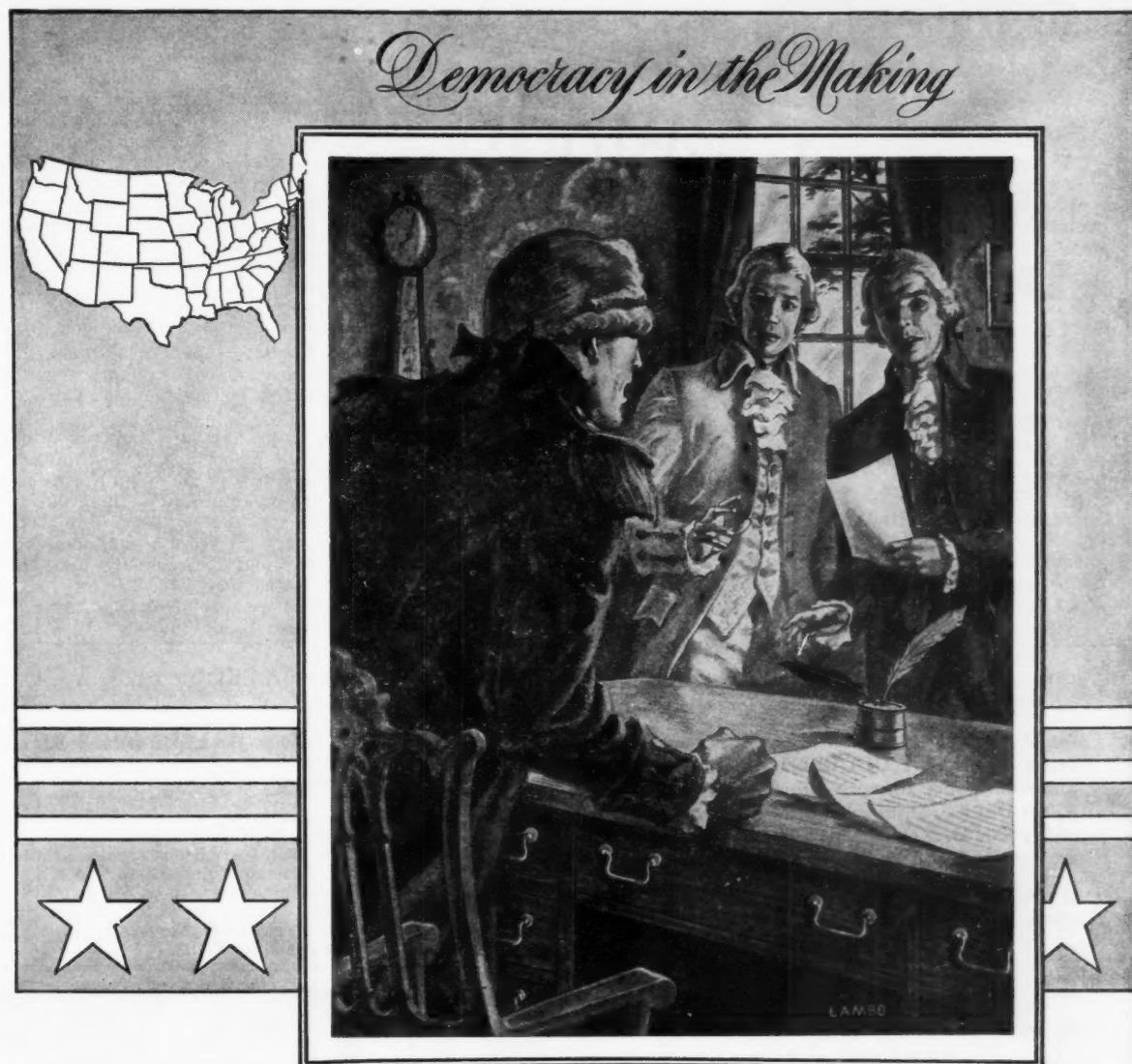
Manning Has Agents' Magazine

T. A. Manning & Sons general agen-

cy of Dallas has begun putting out for agents a magazine of miscellany that is gotten up in attractive format and contains articles of general interest. It is being distributed to approximately 1,000 agents in the southwest who do business with Manning.

Casey St. Louis Manager

William C. Casey, new St. Louis manager of National Surety, who replaces William A. Gray, transferred to New York City, has been with National Surety since 1945, and was made assistant manager in 1951.



WHEN GEORGE III heard of the French Alliance with the "United States of America," he ordered Parliament to offer the colonies everything they had ever demanded, except independence. Because bribes were widely used in those days, Parliament courted General Joseph Reed, aide-de-camp to Washington, with a large sum of money to influence Congress to accept Britain's suggestion. General Reed answered, "I am not worth

purchasing but such as I am, the king of Great Britain, with all his wealth, is not rich enough to buy me."

Our sincere endeavor to adhere to the principles of democracy, which are exemplified in the American Agency System, has gained the respect and confidence of the agents of America. These are cherished assets.



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WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH VIRGINIA CAROLINAS DEPT. DURHAM, N. C.



Plumbers' Insurance Deal Causes Stir

National Association of Plumbing Contractors, whose headquarters are at Washington D. C., is circularizing its members about two group policies,

or at least special insurance deals, that are supposed to be available to members only. One is a liability policy and the other is coverage on plumbers' tools and equipment.

The liability policy is in Saskatchewan Guarantee & Fidelity of Regina,

and it is written through the Jackson organization of Cleveland. It appears to be a comprehensive liability coverage excluding automobiles and boats, not restricted to "caused by accident" and with no "care, custody and control" exclusion. The circular makes quite a matter about covering fire liability, such as a plumber setting fire to a building with a blowtorch. Rates are listed at 20¢ per \$100 of gross receipts for 20/50,000 limits, 22¢ for 50/100,000 limits, and 25¢ for 100/300,000 limits, with a minimum premium on all limits of \$75. The circular goes on to say that higher limits can be negotiated, but nothing is said about PDL limits.

The tool and equipment floater is placed with Newhouse & Hawley of Chicago, and this probably goes to London Lloyds market. It provides all risk coverage on tools, materials, supplies, fixtures and equipment, except automobiles and boats, subject to a \$50 deductible. The only exclusions mentioned in the circular are wear and tear, deterioration, infidelity and war damage. Coverage applies throughout the western hemisphere, and there is said to be automatic reinstatement, making the full amount of the policy applicable to each of two or more losses at separate locations. No coinsurance and no inventory reports are required. The premium is a straight 1%.

The applications are supposed to be sent to the association at Washington.

Already two or three state associations are making quite a thing out of this and are sending bulletins to their members on the score of non-admitted companies, etc. Presumably the National association will interest itself in this matter at the request of some of the states.

Paterson Pittsburgh S. A.

Thomas W. Paterson has been appointed a special agent at Pittsburgh by American Surety. He is a graduate of Penn State, where he majored in commerce.

Schmidt With Kewaskum

THE NATIONAL UNDERWRITER in the Nov. 5 issue referred to Theo. R. Schmidt as president of Germantown Mutual, whereas in reality Mr. Smith is the president of Kewaskum Mutual of Kewaskum, Wis.

New NAUA Rates in Fla., Mo., Minn.

National Automobile Underwriters Assn. has filed new rates in Florida, bringing private passenger fire and theft and comprehensive rates down about 9%; \$50 deductible collision down 8%, and \$100 deductible down 13%. The new three classes plan has been approved, with rates for class 1 down 11%, class 2 up 15%, and class 3 the same on collision, wherever there is no rate level change.

Commercial long haul FT&C are down 27%, and collision down 12%. Intermediate and long distance hauling FT&C are down 23%.

In Missouri, there is an overall decrease in premiums of about 2%, 8% on private passenger FT&C. The \$50 deductible collision is up 11% and \$100 deductible down 8%. The three classes have been adopted and the changes here are the same as in Florida and in other states where there is no change in the rate level.

Local hauling FT&C rates are down 19% in Missouri, collision down 22%. Intermediate and long distance FT&C are down 36% but collision is up 10% and long distance collision up 25%. Garage keepers legal liability rates have been decreased, and towing and labor costs coverage no longer will be included with comprehensive but will be available as a separate cover on private passenger autos.

In Minnesota, the overall rate reductions will involve an estimated \$605,000 annually.

Private passenger car fire, theft and comprehensive rates have been increased about 2% and the \$50 deductible has been slightly increased. There is a 15% reduction on the \$100 deductible.

For commercial local hauling trucking there is a reduction of 17% on fire and theft and 31% on collision. Intermediate haulers get a 20% saving on FT&C, while there is a 12% increase for collision. Collision premiums on long haul truckers have been increased 26%.

Mutual Insurance Rating Bureau's new automobile classification plan has been adopted in West Virginia.



B. E. Davidson, executive vice-president of Rollins Burdick Hunter at New York; Frazier S. Wilson, United Air Lines; B. C. Von Behren, Armour & Co.; O. E. Weed, executive vice-president at Chicago of R.B.H., and T. J. Ocasek, assistant vice-president of RBH at the reception conducted by the Rollins Burdick Hunter Co. at the AMA meeting at Chicago.

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doubled!
reduced!

Rates are . . .



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American Casualty
COMPANY
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"Bearing one another's burdens" *through*

REINSURANCE

CROP HAIL . . . FIRE and ALLIED LINES

Morrissey Named Illinois President

Dues Change Voted on Plea by Prola to Elevate Sights

Opening Session at Peoria Covers Much Ground—Enthusiasm Noted

At the opening business session of Illinois Assn. of Insurance Agents at Peoria Monday morning Robert W. Woodward of Peoria extended the welcome. W. H. Redeker of Centralia gave



Lyman M. Drake, Jr.



E. J. Dirksen

the presidential address, in which he voiced gratification that it was under his administration that E. J. Dirksen was acquired as headquarters executive and he said he is highly optimistic on the future of the organization. An or-

(CONTINUED ON PAGE 20)

White and Ellis Give Illinois Men Sound Tips on Selling and Advertising

There was a full house at the Illinois agents' luncheon Monday that was addressed by "Col." Jack Major, the professional sure fire speaker from Paducah, Ky.

At the afternoon session Walter Sheldon of Chicago, past president of NAIA, gave a talk on association activities. He predicted that the commissioners at their forthcoming Florida meeting will kill the idea of propagating uniform agent licensing and qualification legislation and this will be the last that will be heard of the matter. NAIA, he said, will deserve full credit for this as it is the only organization that has insisted the idea is completely offensive and should not even be discussed. This is peculiarly a state matter and one state shouldn't try to impose its will on another in this matter.

James F. White, advertising manager of Maryland Casualty, gave a talk in which he brought out practical suggestions on insurance advertising. He pointed out that most advertising is directed at selling a particular brand of something for which there is already a natural appetite, but this is not true of insurance. There is only one effective appeal insofar as insurance advertising is concerned and that is fear. He scouted the notion for instance that a "peace of mind" approach is good. "You can't sell peace of mind until you sell fear," he said. He spoke with approval of an agent whose gospel is:

"Disturbed, they buy." The clear-cut objective of agency advertising should be to make the agent the best known insurance man in the area. As to media he spoke favorably of direct mail and newspaper in combination and billboard. He was not too enthusiastic about radio but said there is some evidence of success with news programs after 6 p.m.

Anchor man on the Monday afternoon spot was William W. Ellis, field supervisor of Aetna Casualty, on "3 S's of Salesmanship." He counseled particularly that matches that of the agent. Il-pect knows exactly what he means and not to assume that he has a vocabulary that catches that of the agent. Illustrating, he told of the agent who in outlining to a prospect the coverages of a policy said it covered his "spouse." The prospect bristled and said "when you call any member of my family spouse, smile!"

Restrict insurance terminology such as principal sum, subrogation, reimbursement, etc., to insurance conventions, he counseled. He told of the Procter & Gamble surveys that showed the lamentable poverty of vocabulary of the housewife. For instance, 60% of the women had no idea of what "bountiful" means.

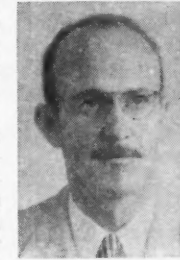
Another tip is not to imply that the prospect is not "adequate." For instance an agent may offend a man by suggesting that he could arrange for paying the premium in installments.

"Let's Go" Spirit Is Much in Evidence at Peoria Meeting

E. J. Dirksen, New Executive Secretary, Has Given Added Spark to Association

By LEVERING CARTWRIGHT

Illinois Assn. of Insurance Agents is back on the track again. This was abundantly clear at the Peoria annual meeting this week. The tone was excellent, the program clicked, the sessions were attended faithfully and with close interest and there is apparent a "let's go" spirit.



W. P. Morrissey

This is due largely to the fact that the organization is rallying around the new executive secretary, E. J. Dirksen. The leaders have confidence in him and he constitutes the spark that has been wanting to give the organization greater cohesion and acceleration. A new and, in overall net effect, a higher dues schedule was decided upon with

(CONTINUED ON NEXT PAGE)

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—All These Benefits—

ACCIDENTAL DEATH	SURGICAL
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HOSPITALIZATION	TRAVEL ACCIDENTS

—ALL IN ONE POLICY—

- Lifetime benefits for total disability—accident.
- Five year benefits for total disability—sickness regardless of house confinement.
- Incontestable after two years.
- 31 day grace period for payment of premiums.

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E. A. McCORD, President C. C. INMAN, Executive Vice-President

The Cornbelt—an Illinois stock fire company—is unique in its relations to the Agent. Many of its 774 stockholders are active Agents, and its Agents' Board designs the pattern of its operation. You might do well to examine Cornbelt's contingency contract which will permit agents to make more money, and hear about our plans for prompter, better service and our substantial line capacity.

Allen W. Swaim, Manager



CORNBELT INSURANCE COMPANY

Freeport, Illinois

(CONTINUED FROM PRECEDING PAGE) enthusiasm and steps were taken to launch an aggressive membership campaign.

At the very outset at Peoria an elevation of spirit was noted. The business session Monday morning brought forth a series of pointed and businesslike committee reports. Especially stimulating was the appeal of Joseph F. Prola of Springfield for the new dues setup and the members adopted this by a unanimous standing vote and that was perhaps symbolic of a new determination and esprit de corps.

The registrations ran nearly 600. W. H. Redeker of Centralia stepped down as president after two terms and with obvious satisfaction that it was under his administration that what appears to be a new and more vital day in the organization was born. The new president is W. P. Morrissey of Alton who

got into the insurance business in the depth of the depression in 1932. Edgar O. Stoffels of Chicago headed the nominating committee. The Charles M. Cartwright merit award went this year to Alvin S. Keys of Springfield, who has long been a key figure in the affairs of the organization and is chairman of the legislative committee. The 1953 legislative session brought no headaches to insurance. Presentation was made by Levering Cartwright of THE NATIONAL UNDERWRITER at the overflow banquet Tuesday. Featured at the banquet was Robert E. Barrett, the insurance director. There was a splendid entertainment through the courtesy of Millers National, Illinois Fire and Illinois National Casualty.

To many the high point of the convention was the session Tuesday morning devoted to automobile insurance

problems at which the moderator was Roy L. Davis, western manager of Association of Casualty and Surety Companies. There was standing room only for this and no one left the room during the entire period and the meeting had to be shut down before all the questions that were presented could be answered. This session came after John F. Neville, secretary of National Assn. of Insurance Agents, had given a well-considered paper on the implications to the American agency system of the use of continuous policies.

Earlier Tuesday morning there was a well attended rural agents breakfast with Frank H. Hawk of Peoria presiding and with Hoyt G. Whitney of Sunbury, O., giving the impressive message on what the county board in his bailiwick has accomplished and what the county boards throughout Ohio have come to mean. Mr. Whitney flew from Peoria to Indianapolis to take in the last of the Indiana agents' meeting. As a matter of fact this was a busy week for many company offices that tried to have representatives at all the meetings, inasmuch as Indiana, Illinois and Kentucky were all holding forth at the same time. In some of the western department offices there was left only a skeleton staff as the agency executives divided themselves among these three meetings.

At Peoria Tuesday, many of the conventioners were dined at either of the headquarters of Home or of Hartford. Both of these companies served elaborate buffets that were most popular.

At the automobile insurance session, William O. Bailey, assistant secretary of National Bureau of Casualty Underwriters, led off. He said that for the first time since the war there is reason to be a little optimistic on automobile insurance. Up until now it has been a race to get the rates up to a proper level. There is now the prospect that the problem can be met head-on with some chance of success. With a reasonably sound economy the rate level may be getting stabilized. For instance, no increases were necessary in one-half of the states this year. In two of the states there were reductions. In Illinois, where there had been no rate provisions since July, 1951, the indicated increases are large. He said that the average paid claim cost in BI in Illinois in the first six months of 1951 was \$680 whereas for the first six months of 1953 it was \$860 and for PDL the comparable figures were \$84 and \$102. The rates have been seriously inadequate.

In explaining the new expanded classification plan, Mr. Bailey said the competitors were profiting from the broad groupings of the National Bureau. It was essential for the bureau to get closer to the mark. The old mileage factor was abandoned by common consent because of difficulty of putting the finger on this. Another method was devised to get at this point. That was to distinguish between use of a car strictly for pleasure and for going to and from work. He said that in equity it was necessary to distinguish between short and long distance in driving to work. A man who drives to work 10 miles a day is driving 20 miles a day

NEW OFFICERS ELECTED

Chairman-W. H. Redeker, Centralia.

President-William P. Morrissey, Alton.

Executive vice-president-H. W. Mullins, Rockford.

Treasurer-Rogers W. Troxell, Springfield.

Secretary and executive manager-E. J. Dirksen, Springfield.

State national director-Frank H. Hawk, Peoria.

or a 100 miles per week just for that purpose. He said that this kind of exposure is particularly significant for PDL because a car being driven regularly to and from work is in traffic congestion and there is a pressure in driving downtown to work. The new plan permits agents of the bureau companies to be more competitive and yet to maintain adequate rates.

He noted that there are complaints from the agents but he said that mainly it is on account of the extra work involved. These agents say they would



Frank H. Hawk



W. H. Redeker

prefer a flat rate increase on the part of the bureau. That, Mr. Bailey said, would have simply meant a continuation of a tight market and everything that goes with it. He confessed that the new plan does mean additional work but he said the bureau kept to the minimum the number of questions to be asked there are no complicated situations. The distinctions are clear-cut and easy to understand. He pointed out that Allstate requires a two-page questionnaire. He expressed the belief that the new plan will help stem the flow of business away from bureau agents and companies.

Mr. Carpentier spoke of the new drivers' license law that was enacted under his leadership and he introduced William Colvin, who is head of the drivers licensing division. Mr. Colvin spoke of the improvements that the new law has brought about. He said until that legislation was passed Illinois had next to the worst driver licensing situation in the country. The worst was South Dakota, which had no driver license law at all. The standards for examinations for license have already been stepped up and the standards conformed to those of National Assn. of Motor Vehicle Administrators. It is harder to get a license now. There have been more license suspensions than revocation. The new law aims by one way or another to single out the accident repeater. There is mentioned a driver control file and into this goes every record of conviction, complaints from law enforcement officers, records

(CONTINUED ON PAGE 14)

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"COMPLETE INSURANCE SERVICE"
The facilities of this office anticipate the needs
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Continuous Policies Would Endanger Ownership of Expirations, Neville Says

While conceding that there are strong arguments for the idea of issuing continuous policies, John F. Neville, executive secretary and general counsel of NAIA, in his talk at the annual meeting of Illinois agents, declared that it "may have very dire results for the agent," referring especially to the possibility of its endangering the principle of the agent's ownership of expirations.



John F. Neville

"A continuous policy means that the policy has no expiration," Mr. Neville said. "This in turn must mean that the expirations which an agent owns and which in large part determine the value of the agency which he has built in the expectation that it has some value, will be eliminated. I believe that ownership of expirations cannot be predicated on their non-existence and it is certain that the agents operating under the American agency system do not want to become carbon copies of other types of agents in the insurance business who may do rather well on an annual basis or over a relatively short period of time, but who are building nothing for the future."

He said the arguments for the continuous policy are based primarily on reduction of expense, a point which seems to be of especially urgent concern in the various lines of automobile insurance, to place the companies operating through the American agency system in a position to compete more reasonably with the direct writing companies ratewise.

Advocates of such policies argue that no useful purpose is served by issuing a completely new policy whenever insurance expires, that the same end could be achieved by sending the insured a notice of premium due and by providing that the policy automatically be continued in force so long as the insured paid the premium within a certain period after the renewal date. The cost of interminable rewriting of expiring policies would be saved, resulting in improvement in companies' underwriting results, with a lowering of agency expense and a corresponding increase in profit for agents who write their own policies. "Not taken" policies would be eliminated.

"All this seems logical and even cogent because undoubtedly the re-issuing of policies creates a considerable expense which, viewed in a vacuum, everyone would like to avoid. Added strength is given to this argument when one considers that probably many policies are reissued without significant changes in coverages and all agents will undoubtedly agree that not taken policies are an evil in the business against which the agents and their association took up arms many years ago."

He warned, however, against trying to settle acute competitive situations, such as have arisen in the writing of automobile insurance by agency-minded companies, through adoption of what may appear to be a reasonable

solution on the basis of experience without weighing carefully enough the ultimate result.

While continuous policies are now in use in the bond field, in inland marine, life and disability insurance, he said, they do not produce a material volume of premiums, if life insurance is excepted. "In other words, a very large proportion of the insurance written through the American agency system is not written on a continuous policy basis but is handled on the premise that the insured needs a new, clean-cut deal each time his policy expires and is renewed."

The constitution of NAIA defines the American agency system as "the production of insurance premiums and the servicing of insurance contracts by insurance agents operating solely on a commission basis on their own account as independent contractors, who maintain their own offices separate and apart from any production office maintained by an insurance company."

Several court decisions have held that because of the method by which a local agent operates, the business of an insurance agent who represents several companies, and whose customers, or so-called clients, leave the selection of the company entirely to the agent, has a well recognized value which is the subject of sale. "Thus the doctrine of the ownership of expirations in the local insurance agent was established."

"The ownership of expirations," Mr. Neville said, "is the keystone of the American agency system and is the greatest single factor in the independent contractor status which the agent enjoys. His independence is absolutely necessary if he is to continue the present character of his operations and there would be no point in being independent if the agent failed to implement that freedom by owning his business. It follows, therefore, that anything which weakens either the independence of the agent or his ownership of expirations is to be viewed with grave concern by the agent. He must expect that any whittling away of these rights will never stop at any predetermined point but will continue until the agency system as it is presently constituted will probably become unrecognizable."

The concept of expirations is based, at least in part, he added, on the fact that agents represent many competing companies and when the agent produces business, he has a choice as to where he will place it. This choice will be largely eliminated by the general use of continuous policies and with it the present healthy competition of the companies for the production of the agent will similarly be reduced.

If continuous policies were widely used, the unfortunate instances which today happen occasionally, in which insured find themselves at the time of loss, with narrow coverages, obsolete forms and inadequate amounts of insurance, will most certainly increase. In addition, continuous policies will have a definite tendency to freeze the business in the company first writing the insurance.

To provide the proper degree of service which the insured has a right to expect, the agent is required to constantly program and reprogram an in-

(CONTINUED ON PAGE 40)

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New Spirit Envelops Illinois Agents

(CONTINUED FROM PAGE 11)
of accidents, etc., in connection with every driver.

C. L. Morris, executive vice-president of Illinois National Casualty, said he thought the publicity in connection with rate changes could be vastly improved. For instance, stories are put out saying that rate provisions spell estimated annual savings of so many dollars to policyholders but buried in the story may be a reference to the fact that for many policyholders there is to be a rate increase. He had some caustic things to say about the tax equality program of Allstate. This is the same thing that has been sought for years by National Tax Equality Assn. and other interests. He said it is old hat stuff and yet Allstate gets into the act and gains a great deal of publicity on it.

H. W. Mullins, local agent of Rockford, said that many agents during recent years have become like automobile dealers in that they have been order takers and not salesmen. The situation is vastly changed. He said many agents that are careful in handling their fire insurance renewals give slight attention to their automobile business and yet the premium and the

commission may be the same. He said there is no reason to regard the automobile business as less important than fire. When an agent who doesn't give attention to automobile renewals loses out to a direct writer he has little to complain about. He said that there need to be better qualified agents.

In the question period Mr. Bailey was asked whether the proposed rate increase in Illinois would not result in more competition. Mr. Bailey said that this would be true but that rate increases are vital. He said that the assigned risk business has been running for the last four months at more than 3,200 risks per month. This compares with 1,400 risks a month just recently. That indicates how inadequate the rates are. He said that the bureau has been told that if it can keep the difference in cost to the difference in commission, the organization agents will be able to control the competition. With the increase in Illinois that there will develop more competition but the bureau companies can't live under rates as inadequate as they are today.

It was asked why the program was not devised to insure the driver rather than the car, and he said that the response was that all hands in the companies agree it would be a step in the wrong direction. In answer to a ques-

tion why rate credit is not given for completion of high school driving courses, Mr. Morris said that Illinois National Casualty does give credit for this, it being 15%.

Then Mr. Bailey stepped forward and smiled. He said that's good advertising but the answer for the bureau agent is first that the subject is being given active consideration and second that Assn. of Casualty & Surety Companies last year spent \$10,000 in organizing driver training programs in high schools. So far they have felt it is wiser to spend the money on this promotion than give back \$2 or \$3 a head for those completing the course. He said Ohio Farm Bureau, which originated the idea of a credit, has only about 3,000 risks that are eligible for the driver training credit. He said that actually this amounts to giving a different rate for the girls and for the boys. Unless the driver training is mandatory, about 95% of those taking the course are girls. The boys apparently feel that there is some stigma in an implication that they do not know how to drive.

In answer to a question about whether it isn't unfair to penalize a young couple without children, who would like to have children but are physically incapable of doing this, Roy Davis answered that they should call in their insurance agents. There was a question asked about a car that is driven from home to a station a mile away and why such a driver would have to pay a higher rate.

Mr. Bailey said that in commuter areas this sort of thing is recognized because the difference between the 1A and the 1B rate is less than it is in other areas.

Mr. Mullin said the agents should not oppose the new plan because it involves more work. The agents ought to be diligent to see that it is correctly applied.

Mr. Bailey was asked about the car pool where a car might be used only one day in five. The bureau decided that there should be no exception.

Tuesday afternoon with Mr. Morrissey presiding there was a panel on how to improve public relations with Emil L. Lederer of Chicago as moderator. Discussion leaders included Robert K. Johnson, special agent of Aetna; Frank L. MacLeod, American; F. J. Budelier, Jr., of Rock Island, and D. F. Giberson of Alton.

Mr. Giberson said that a good public relations program involves matters of attitude, appreciation, approach, appearance and affirmativeness. These he called the five "A's". The individual must have a deep conviction of the worthwhileness of his job and of its value to the client.

The final speaker was Richard J. Layton, Rough Notes Co. on "What's New in Agency Management?"

Wm. P. Morrissey, the new president of the Illinois association, has been operating the agency at Alton bearing his name since 1932. He is a native of Alton and after attending St. Louis University for a year he decided on an insurance selling career. This was in the depths of the depression and he borrowed \$1,500 to buy a six months old agency. He served three years in the navy during the last war. He has been in the leadership ranks of the Illinois agents association since 1947 when he was elected a regional vice-president. He has been executive V. -P. for the past two years. He organized the first Catholic charity drive at Alton and has been a director and treasurer of Associated Charities.

is a real comer. He went into the local agency business after having been with National Fire in the field and in the western department office for many years.

There are 10 regional vice-presidents and of these there are four new faces, they being Edwin P. Simon of Chicago, Dwight S. Flood of Crystal Lake, E. H. Rossow of Rock Island, J. C. McGaughey of Lawrenceville. Those reelected are Harold R. Irish of Decatur, Charles A. Bryant of Peoria, J. F. Prola of Springfield, Max C. Ziebold of East St. Louis, E. M. Rolwing of Cairo and J. T. Colnon of Ridgeway.

Committee chairmen changes include the naming of L. D. Stitt, head of Starkweather & Shipley and a veteran agency organization leader of Chicago, as chairman of the important automobile committee. N. McCullough Winters of Quincy is the new chairman of the grievance committee, Mr. Mullins of the local board and mem-



H. W. Mullins



L. W. Zonsius

bership committee and Paul Swann of Decatur heads the rural and small lines committee. The other committee chairmen are renamed.

B. K. Weiser and Aetna Casualty were hosts at a reception prior to the dinner for the head table aggregation.

In the new official lineup by reason of progression there are lost two Chicagoans who for the past eight years have been mainstays of the organization, they being Lyman M. Drake, who has been the state national director and L. W. Zonsius, who has been treasurer. Mr. Drake under the constitution becomes a member of the advisory committee, which consists of former presidents and state national directors, and hence every effort is going to be made to induce him to keep active in affairs of the organization. The new executive vice-president, H. W. Mullins, is highly regarded and

1954 Meeting to Springfield

The 1954 annual meeting of Illinois Assn. of Insurance Agents will be held at Springfield. There are plans afoot to hold the 1955 meeting at the Edgewater Beach Hotel, Chicago. There is a lot of enthusiasm about membership increase prospects and some of the leaders are thinking in terms of a convention as large as 1,200.

At the banquet Tuesday H. W. Mullins of Rockford, the new executive vice-president, was awarded the Jennings trophy for having the district with the largest membership increase for the year.

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CHICAGO

E. E. McLaren to Hoosier Agents Helm

Change in Farm Economy Calls for Closer Farm Underwriting, Indiana Agents Told

INDIANAPOLIS—Evidencing the great Indiana interest in farm insurance prospects more agents than ever before were on hand here Monday for the state association session on that subject led by R. L. Strayer Sr., Warsaw chairman of the farm underwriters committee.

Readjustments in the farm economy were evaluated by Dennis C. Smith, assistant farm department manager of Home at Chicago, and Lloyd E. Partain, sales manager and farm market director for *Country Gentleman*, both agreeing the marginal farmer is on dangerous ground, while Robert J. Starr, Indiana special agent for Rain & Hail Insurance Bureau, described crop coverage as potentially a tremendous commission booster.

"The honeymoon in agriculture and the farm insurance business is over," Mr. Smith declared. He was quick to point out, however, that many farmers will continue to be on firm economic ground and they "are among your best prospects for 1954 if the writing of their business is handled in an intelligent fashion."

Mr. Smith noted that in August of this year prices received by midwest farmers averaged 20% below those of 2½ years earlier, and net income was down by an even greater percentage. Many farms have mortgages on them for the first time in 20 years, and

short-term debt of farmers has almost tripled since 1945. On the one hand, there is a large group of substantial farmers with adequate cash reserves, mortgage free land and equipment which will permit them to continue to make a profit on their efficient and productive farms. On the other hand, however, economic changes are making it increasingly difficult for the inefficient farmer to make a go of it.

The latter class presents a very definite and serious insurance problem, according to Mr. Smith. To continue to write insurance on buildings at 75 and 80% to value, or replacement less depreciation, on the over-improved farm or for the inefficient farmer will give rise to the same headaches which plagued farm underwriters some 20 years ago. The speaker advised soliciting farm insurance only from better business farmers, being certain coverage is based on the insured buildings, utility value to the farm on which they are located, and not on an inflated replacement cost less depreciation.

That 1952 saw an all time high in farm fire losses, with the probability 1953 losses will be substantially higher, indicates the need for a return to close farm underwriting, Mr. Smith declared. Gone are agriculture's lush days, during which all farmers made money and didn't want a fire loss to knock them off the gravy train, the speaker stressed.

While farm prices dipped considerably during the first five months of 1953, Mr. Partain said they since have stabilized and it now appears that for the entire year they will show only an 11% decrease. Even this amount will be somewhat tempered, he said, through increases in income from off the farm sources and due to the fact that a good portion of a farmer's income never reaches the dollar channel.

Mr. Partain said he doesn't consider the farm economy lag alarming, but more of a readjustment to the balance of the economy. Agriculture has been buoyed since 1943 by tremendous demand, and since 1947 by exceptionally good weather leading to bumper crops; fact that shortage of consumer goods made more money available for farm products. Alterations in these factors led to the farm price decline this year, the speaker said, adding the prediction they will bring about another 4½% drop in 1954. Still, he said he considers the farm economy sound. It is a \$165 billion industry, farmers owning 90% of it unencumbered and possessing sufficient other assets to remove all farm debt if desired. About 92% of farm goods are produced by one-half of U. S. farmers, and these are the farmers who will continue to be good customers.

Mr. Starr observed that if Indiana agents had written insurance to value on all crops grown in the state in 1952, the total premium, using 1953 prices, would have been more than \$11 million. This would mean a premium vol-

(CONTINUED ON PAGE 18)

Indianapolis Meet Draws Record 1,500; Waston Is 1st V-P

Gescheidler Sees Agent Consultation on Future Rate and Rule Changes

By CHARLES C. CLARKE

INDIANAPOLIS—Continuing in what has become a traditional groove, the Indiana Assn. of Insurance Agents annual convention here this week broke all attendance records. Registrations totaled 1,453, and counting the hangers on this number easily was swelled beyond the 1,500 mark.

E. E. McLaren, who is with the Barton, Curle & McLaren agency at Indianapolis, was elected president. He succeeds H. J. Gescheidler, Jr., Hammond, who becomes chairman.

The new 1st vice-president is E. D. Watson, Vincennes, and Dan Gibson, Plymouth, was moved into the officer lineup as 2nd vice-president. George W. Mahoney of Indianapolis, who couldn't attend the meeting because of illness, was continued as secretary-treasurer. Linn S. Kidd, Brazil, was reelected state national director, a post in which he has served for several terms. New directors are to be appointed later.

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registrations, Executive Secretary Harry E. McClain spurred convention enthusiasm to a new high. All sessions were overflowing, and kept that way right through to the last speaker. There were no lulls during the question periods following the talks, and discussion of program topics even was carried outside the meeting rooms.

The new president has been active

in association affairs since entering the agency business in 1936. Mr. McClaren graduated from the old Armour Tech at Chicago, under its insurance scholarship program, and then for four years was with Indiana Inspection Bureau. The next eight years he traveled Indiana as a Crum & Forster special agent.

Mr. McClaren received his CPCU

designation in 1947 and has served as a CPCU instructor at the Indiana University extension. He numbers the Indianapolis board presidency among his various association posts.

During the business session Mr. Gescheidler spoke optimistically about the prospects of company-agent consultation in the future before form or rate changes are made. He said the recent confusion in Indiana over coverage of TV aerials resulted in a conference at Chicago at which the problem was considered by association officers and Western Underwriters Assn. representatives.

The confusion came about when the dwelling form was revised to exclude



H. J. Gescheidler



Linn S. Kidd

aerials under EC coverage. They were to be written under a separate item and at a specific rate, though no rate was immediately set. When a rate was promulgated, it was disapproved by the insurance department and a ruling was made to the effect that the property could not be excluded.

The problem was resolved, at least temporarily, Nov. 14 when Indiana Rating Bureau issued a ruling providing for an endorsement voiding the aerial exclusion clause. Since the dwelling form with the exclusion now is in wide circulation the voiding endorsement will have to be added to most policies, though some agents still have supplies of the old non-exclusion form and these now can be used as is.

Mr. Gescheidler said the agents hadn't opposed elimination of TV coverage so much as the method used to advise them of the change. This lack of advance notification has been the turning point, however, terming it the He viewed the WUA conference as a turning point, however, terming it the first time in association history that agents have been called in and discussed a change in a friendly atmosphere. He said he expects this to be the rule in the future.

The Indiana officers were told, Mr. Gescheidler related, that TV aerials constitute a specific hazard and should be covered at a specific rate. It was decided at the meeting, he said, to study the problem further before making another filing.

Reporting on the proposed association group life and A&H plan, Herman C. Wolff of Indianapolis, a past president, said certain segments of IAIA consider the plan to be in conflict with principles supported by the association. Some have contended the agent is the last man who should subscribe to any plan that invades the agent's market, as group is accused of doing.

Mr. Wolff said because of slender support, the committee doubts the plan will become effective. At least 75% of the members must enroll by Jan. 1, 1954, whereas currently fewer than 10% have signed up.

At the opening session Monday staged by the farm underwriting com-

mittee, of which Ray L. Strayer, Sr., Warsaw, is chairman, there were three talks sizing up farm insurance prospects, all reported elsewhere, and Capt. C. A. Dunifon of the Fort Wayne police, assisted by Mrs. Dunifon, based a presentation "Safety Is Good Business" around a program in which Fort Wayne agents cooperate closely. The program is designed to instill a safety philosophy in school children, the messages being put across impressively by the use of trained dogs.

Various dog tricks are used to dramatize safety principles and encourage children to follow them. For example, it is shown how dogs, because of their strict obedience, can be taught to recognize certain safety principles, even to the point of leading blind persons through traffic and along obstructed sidewalks. The Fort Wayne agents' group, which has won NAIA honors for its comprehensive and effective safety programs, came in for particular praise from Capt. Dunifon.

William J. Graul, a director of the Pennsylvania association, described the activities of his home local board at Allentown as the speaker that evening for the dinner and conference of local board presidents and secretaries. The dinner, as well as entertainment, was provided by Home, and T. Morgan Williams, vice-president, brought greetings from that company.

Mr. Graul opined that local board activities should be based on a day to day program that keeps the agency system and its services in the eyes of the public, bolstered by any number of special events designed to take advantage of specific situations. He told how several of these special events greatly benefited his home board.

In addition to the more common activities such as fire prevention and clean up programs, Mr. Graul explained how his board made pennants available to schools with accident free records, and mishaps were considerably reduced. Also a special chamber of commerce insurance division was established, and now the chamber's



H. E. McClain



E. J. Seymour

news letter each issue carries an insurance discussion aimed at the business man.

Mr. Graul related his board supports the school safety patrol periodically treating the boys to a baseball or football game and buying them rain capes. Younger agents in his city are admitted to the board at reduced prices, thereby keeping them away from insurers not strictly operating on the American agency system, until such time as they can afford to pay regular dues. So that the local board is kept fully in touch with the National and state association activities, the local president is sent to their meetings with expenses paid and makes a full report. In addition, periodic visits are made to the police and fire chiefs, the building inspectors and the newspaper editor so

(CONTINUED ON PAGE 18)

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Timidity in Setting High Amounts Hurts Bond Sales: Connor

INDIANAPOLIS—Many fidelity bond sales are lost because the agent recommends an inadequate amount of coverage, George A. Connor, manager of the fidelity department of Fidelity & Deposit, told Indiana agents at their convention here.

The agent who suggests a small amount of coverage, or no amount at all, loses sales because the prospect does not feel a real need for insurance which has a low recovery amount such as \$2,500 or \$5,000, Mr. Connor observed. Prospects are not interested in a \$2,500 loss as they feel it can be made up out of surplus, he said. But if the agent talks about a \$25,000 loss and the proper size bond to cover, then the prospect thinks less of the cost and more of the coverage.

This "scare sales psychology" puts emphasis on the possibilities of a loss that could ruin the prospect's business, thereby stirring up his thinking, Mr. Connor said. It is much more effective than trying to get a foot in the door by selling a small amount with the idea of increasing it later.

To point out the fertility of the bond market, Mr. Connor noted reliable statistics show that only 10% of all prospects for dishonesty coverage are insured. Whereas there are three million commercial concerns rated by Dun & Bradstreet, the insurance industry writes only about 150,000 blanket bonds. All agents should examine their records, he stressed, to find out if there is a similar percentage of accounts not protected by dishonesty bonds.

Opining that the need for fidelity bonds has never been greater, Mr. Connor said the difference between right and wrong seems to be losing its sharp edge. Gambling, lotteries and all games of chance have taken a greater hold on the nation, extravagant living is causing more and more dishonesty losses, as is inadequate income in the face of the high cost of living. An-

other cause of smaller losses is the widened breach between employers and employees. The latter, no longer on the side of the employer, generally are organized to get all possible concessions, sometimes carrying this to the point of dishonesty by feeling it is all right to carry out tools and inventory as long as they are not caught.

Mr. Connor said the fidelity bond is not difficult to understand, especially in comparison with the fire and automobile policies, nor are the rates difficult to figure. It has several attractive features. A new contract doesn't have to be typed each year as the bond continued without lapsing until canceled. Over the past 12 years, rates have been reduced between 60 and 70%, a welcome turn about from the automobile situation, and all business is subject to experience credit, the maximum discount on primary commercial blanket bonds and blanket position bonds being 47½%.

Equally attractive, Mr. Connor commented, is the fact that the average commission on fidelity bonds in 1952 was 1% above the average commission for all casualty lines as set out in the insurance expense exhibit compiled by National Bureau of Casualty Underwriters. The average premium for a three-year fidelity bond is \$317, producing a commission of about \$60. This contrasts with the \$12.87 average commission on each policy in the 64 agencies which recently were surveyed by a committee of NAIA.

The wide publicity that usually surrounds dishonesty losses can be an invaluable selling aid for the agent, according to Mr. Connor. Usually a fire loss is just a fire loss; however, when a vice-president of an insurance company—52 years old and happily married—throws over a career and good reputation after a few drinks, for a girl who did a strip tease on a drum, there is a front-page story. Within 60 days, this individual, the speaker said, landed in jail with a shortage of \$45,000, and a thoroughly wrecked home. Stories such as this are myriad, and they can effectively buttress a sales presentation, Mr. Connor emphasized.

The agent should have available actual examples to overcome the force of the prospect's objections, Mr. Connor advised. When the prospect says his employees do not handle money, the agent could refer to a \$56,000 shirt company loss caused by factory workers stealing shirts; or when he says his employees handle only \$100 in cash, he can be shown this is the amount handled at a single time, one that could amount to \$60,000 or \$70,000 over a three-year period, the average length of defalcation under a fidelity bond.

If the prospect says he has a good accounting system, audited by CPA's, he can be told that the system is no better than the employees who operate it, and that any system falls down if not operated faithfully, or where numbers of employees act in collusion. Again, when the prospect expresses complete confidence in employees it can be pointed out that there are the only persons in a position to cause a large loss.

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Change in Farm Economy Means Closer Underwriting

(CONTINUED FROM PAGE 15)

ume increase for each farm agency of \$12,000, and added commissions of about \$3,000.

Though there are six hail contracts approved in Indiana, Mr. Starr said they fall into two classes, commonly known as the percentage policy and the guaranteed amount per bushel form. For the former, loss payments are made in the proportion that the insurance bears to the total value of the crop, or, in effect, the form carries a 100% coinsurance clause. For example, if one-half of a crop insured 50% to value is damaged, the loss payment will be 25% of the amount of insurance.

Under the other form, Mr. Starr explained, a per bushel value is agreed upon and this amount is paid for each bushel lost, up to the limit of insurance. This policy is gaining in favor, he said, and is especially suited for better farms.

To arrive at the loss under a percentage policy, Mr. Starr said the farmer and adjuster examine the fields affected, or different areas of the same field, to determine the damage in each area. Together they then arrive at an overall average loss. There are various methods for individual crops. When corn suffers hail damage, the damage to these classifications and an average loss determined.

Illustrating the farmer's willingness to insure is the growth in crop hail premiums over the last five years from \$300,000 to more than \$1 million, Mr. Starr contended. As economic conditions become sharper, and the farmer continues to assume more the role of

a business man, interest in crop insurance will grow. The process can be greatly speeded though, the speaker concluded, if agents will push the coverage with the same enthusiasm they do others.

Hoosier Meet Draws 1,500 at Indianapolis

(CONTINUED FROM PAGE 16)

that they realize the board is ready and even anxious, to cooperate in all worthwhile programs.

Summarizing, Mr. Graul said it is at the local board level that the future of the agency system rests, adding that the future is bright if a continuing public relations program is carried on along with the various special projects that can be regarded as much a public service as a strengthening of the agents' position.

The automobile situation was examined from both the agent and company points of view at Tuesday's session by Barney W. Phelan, Versailles, O., and James M. Cahill, secretary of National Bureau of Casualty Underwriters. Both of these spoke at the NAIA Washington convention.

It was Mr. Phelan's contention that stock conference companies and their bureaus will have to overhaul underwriting concepts if they wish to increase their share of the so-called preferred business. They are in a vicious circle, he said, because, for example, the small amount of business they write in territory 22 in Ohio, and the 4/10 of 1% of farmer business written, obviously is not of the preferred class since it produces a high loss ratio that in turn occasions a high rate.

"The only solution we can see," Mr. Phelan remarked, "is the pooling of un-

derwriting experience with the direct and semi-direct writers and adoption of their underwriting experience as the basis of rates."

Mr. Phelan suggested public relations regarding the youthful driver should be stepped up, and also put in a plug for a ruling that no driver under 25 be insured if other auto business in the family is not covered by the same company.

Expanding on the public relations theme, Mr. Phelan said the program should be integrated industry-wide, and bureaus should maintain close liaison with agent associations so they can help the public understand rate and other changes before they are forced upon them abruptly. He warned against spread of the public's "super-market buying philosophy" to insurance, terming such an occurrence as constituting the agency system's demise.

Agents should be indoctrinated with their competitive advantages, Mr. Phelan emphasized. They should be told the benefits of publicizing the fact they can extend credit on a reasonable basis and assist customers in securing financial aid from local banks on autos and real estate. They should stress the valuable power they possess by being able to bind insurance, eliminating coverage lapses.

Commenting on certain of Mr. Phelan's suggestions, Mr. Cahill pointed out that bureau companies simply can't meet the rate competition of specialty writers. These companies, he said, ruthlessly cut off all but the profitable risks. Bureau companies, on the other hand, are forced to accept the bad with the good, often as an agent accommodation. He also referred to differences in claim practices, especially on small PD losses.

Mr. Cahill said a past bureau company tendency to plant the bulk of new agencies in urban areas is one reason for a lack of high rural premium volume. He said he expects companies, realizing the quality of rural business, will tend to develop more agencies in such areas.

Agreeing that many territorial definitions are archaic, Mr. Cahill said revising them is not an easy task unless accurate supporting statistics can be presented. Otherwise, there are vociferous complaints from territories getting a higher rating base. The speaker said the problem is not being neglected, and told how an all industry committee was formed in Indiana, comprised of all insurers writing auto business in the state as well as insurance department representatives, which is to study territories and their rates to determine what changes are needed. With this approach, all insurers will subscribe to the changes and they will be accepted more quickly by the public.

Bureau companies haven't allowed rate credits when insured complete a driver education program because there is no demonstrable proof they are better drivers, to a specified degree, through age 24, Mr. Cahill said. Statistics along these lines may be available in the future. In West Virginia the young drivers with formal training are being separated from the non-trained under an accident experience study, though the number of trained drivers is so small the program is somewhat bogged down. Next year in Massachusetts where there is a compulsory insurance law, a 15% rate credit will be allowed trained drivers,

and this should help companies get the experience necessary before allowing a credit across the board.

Mr. Cahill, who attended the recent Massachusetts hearing on 1954 auto rates, suggested agents in states where insurance is a menace take their officials to one of these hearings. He termed the whole plan a political football, adding that at the recent hearing the politicians talked throughout the entire morning session and again until nearly 5:30 p.m. before the various rating experts had a say.

As to pooling all company experience for rate making purposes, Mr. Cahill again pointed to the differences in types of business written, a factor which would leave the bureau companies with inaccurate rates for the wide class of business they write. If such a procedure were installed, the bureau companies also would have to refuse the poorer classes of business and there would be a general tightening of the auto market and a tremendous increase in assigned risks. There may be merit to combining the experience of all agency system companies, but the others would have to be excluded.

Mr. Cahill explained the bureau's new classification plan, already in use in several states though not as yet filed in Indiana. He said this was a well thought out program that will enable companies more freely to write a wide cross section of business, thereby giving agents a tool for better serving the public.

Questioned about the high rates for excess liability limits in Indiana, Mr. Cahill explained that the filing made countrywide was not approved by the insurance department. The latter suggested a higher rate, and this was filed. The speaker drew a cheer when he said the countrywide excess limit rates again would be filed when the new bureau classification plan is presented in Indiana.

Other Tuesday morning speakers were A. L. Kirkpatrick, U. S. Chamber of Commerce insurance department manager, and Arthur S. Kuenkler, vice-president of U.S.F.&G.

Mr. Kirkpatrick warned the agents against complacency, saying that while no one is particularly attacking insurance, there are many who are threatening the nation's entire economic system. He stressed that this system is the basis of insurance, and if the industry itself doesn't take steps to combat the attackers insurance will fall. Though a side-door attack on insurance, he said it is as real as any direct threat could be.

Mr. Kuenkler presented statistics showing stock agents are writing the lion's share of small premium workmen's compensation business, but not faring so well as the larger lines. He opined that agents today have the competitive tools to get this business. They now can go to the big employer with the retrospective rating plan, explaining that if he is interested in cost, safety and accident prevention the perfect package is available. While Indiana agents don't have the premium discount plan, they can offer plan D which combines workmen's compensation, auto and other liability lines.

The workmen's compensation and automobile assigned risks plan were explained at the agents' only session that afternoon by William L. Clark, manager of Indiana Workmen's Compensation & Occupational Diseases Rating Bureau, and Harry E. Stotts, manager of Indiana Automobile As-

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signed Risk Plan. Both speakers stressed that their assigned risk plans didn't represent the "skid row of insurance". There are fine individuals and respectable industries insured in each, and the agent should consider the availability of these plans an important part of the services he has to offer clients.

Also at this session Dwight Ely, production and advertising manager of Ohio Farmers, as chairman of the awards committee of Insurance Advertisers Conference, urged participation in its program for local agencies.

The banquet Tuesday, again held at the Indiana Ball Room because there are no accommodations for this giant event at the nearby convention hotel, was a resounding success. An excellent floor show was followed by dancing.

A subject close to the heart of IAIA was explored Wednesday by Gov. Craig's "Traffic Cabinet". Albert J. Wedeking, chairman of the state highway commission, explained what his department is doing to eliminate high frequency accident locations and to incorporate more safety in new highways. Frank A. Jessup, superintendent of the state police, told how traffic policing is being made selective by concentrating personnel at high frequency accident locations at the times accidents are happening. By working with interested groups, Mr. Jessup said the effectiveness of this plan to control accidents has been greatly increased.

Commissioner W. L. Wilkinson discussed functions of the bureau of motor vehicles and told how the financial responsibility law affects agents. He also mentioned the bureau's plan for a permanent driver record file so that all accidents can be attributed to the responsible driver. This will enable the bureau to analyze driver records and eliminate the accident prone. Joseph L. Lingo, state traffic safety director, described the role of his office in coordinating the traffic safety activities of all state departments as well as educational programs.

Morris J. Carter, IAIA's safety director, moderated the "cabinet" discussion, adding comments on the part the agents are playing in helping to reduce auto accidents. A long-time police officer and former chief at Anderson, Mr. Carter for nearly two years has been spearheading IAIA's broad program of accident prevention. His wide experience in this field has helped to make this already fervent association activity one of its most successful programs. He attended a great number of board meetings during the year, helping to formulate effective programs at the local level.

Rounding out the day's card were addresses by E. J. Seymour, Monroe, La., president of NAIA; Commissioner Wells of Indiana; William W. Ellis, field supervisor of Aetna Casualty, and George A. Connor, Fidelity & Deposit, whose talk is reported elsewhere. Also, on behalf of Assn. of Casualty & Surety Companies, Mr. Gescheidler presented a plaque to Wilbur Young, superintendent of public instruction, recognizing Indiana's high school driver education and training program.

Mr. Seymour paid tribute to NAIA committees, stressing they are constantly in touch with company and governmental groups on various problems. Acknowledging the accomplishments of committees at the state level, the speaker nevertheless cautioned there is a growing trend toward direction of insurance company affairs at a national level. This is particularly

noticeable, he said, in the rating field where national rating of multiple peril policy forms has been added in some jurisdictions.

Calling attention to increasing demand for compulsory insurance to solve the "uninsured motorist problem", Commissioner Wells said he is watching closely the voluntary company approach to this problem being tried in New York. He told of the plan there under which companies are banding together to offer coverage to indemnify

Indiana agents, Mr. Gescheidler said, if there is wholehearted cooperation.

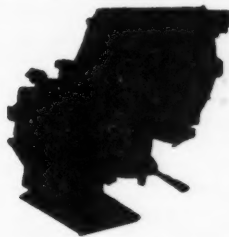
He remarked that the agents have been working with the company people to change the methods by which rule and rate form changes are announced. This has been a sore spot for some time.

North Dakota Fire Prevention Assn. has inspected Ellendale. There were 21 participating, and talks were given before the school children and at a banquet.

Indiana Pickups

Carrying the hospitality banner for the Vernon companies were Paul Jack, executive vice-president, and W. J. Donovan, superintendent of agents. Monday evening the companies showed moving pictures of a class held this summer for agents, at which James C. O'Connor, executive editor of the F. C. & S. Bulletin, and J. Edward Hedges of the University of Indiana were instructors. The following morning the Vernon group staged a breakfast for all of its agents.

Indiana Ins. Co. was represented by P. A. Cooling, president; W. P. Cooling, secretary; (CONTINUED ON PAGE 41)



This unusual shape is the profile of a Linotype machine used for setting type.

the insured and his household against loss from inability to collect valid personal injury and property damage claims against uninsured motorists. The coverage may be purchased by existing policyholders of the insurer, by persons who do not own motor vehicles and do not reside in a household where one is owned, but not by uninsured motorists.

Mr. Wells said this approach offers a better solution than compulsory because in many respects it affords the insured motorist more complete protection. It protects him against financially irresponsible non-resident motorists, operators of stolen cars and operators of cars used without permission of the owner. It avoids the dangers of unsatisfied judgment fund and compulsory laws, such as injection of politics into rate making.

Discussing the continuing spiral in liability and workmen's compensation judgments, Mr. Wells viewed with disapproval the activities of some groups of attorneys which, just as inflation, account for the unrealistic rise in the cost of claims. Constructive steps have been taken to overcome the work of these attorneys, Mr. Wells said. He referred to insurance company advertisements on excessive and unreasonable awards in damage suits and said it is encouraging to find that a Pennsylvania court refused to cite American Auto, which had run such advertisements, for contempt. The speaker said to his knowledge, the advertising is not directed toward an individual case, but merely designed to educate the public of the effect excessive loss payments have on rates.

The many ladies in attendance found they were well provided for. Indiana Ins. Co. maintained a suite of courtesy rooms for them, and they were treated to a special luncheon and style show through the courtesy of Indianapolis Assn. of Insurance Women.

President Howard J. Gescheidler, Jr., of Hammond in his annual report noted that in the last legislative session about 112 bills directly or indirectly affected the local agent. The association went over these one by one, and came up with a good score. There was considerable agitation for compulsory automobile insurance and there was a state fire fund bill presented, both of which failed. Bills of this nature and those that will be introduced in the future can be defeated by the

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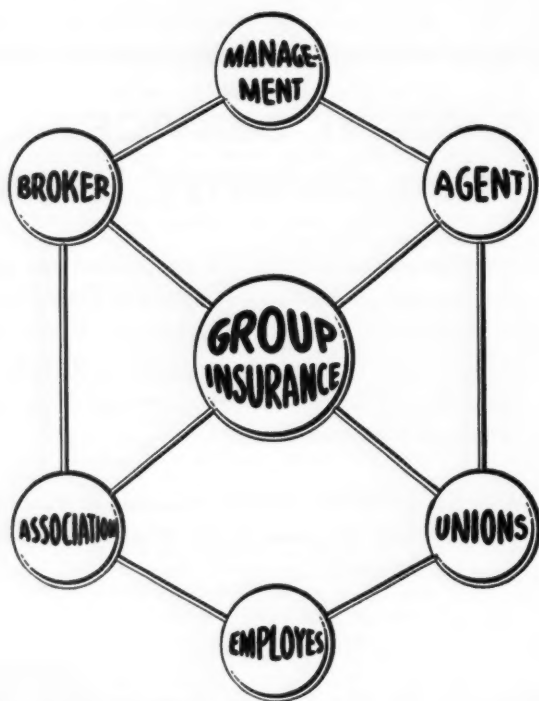
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Illinois Agents Adopt New Dues Schedule

(CONTINUED FROM PAGE 11)

ganized membership drive must be undertaken soon, he said.

Lyman M. Drake, Jr., of Chicago reported as state national director. He particularly urged local agents to be useful and influential in civic affairs, etc. In that way the agents will become well liked as people and they will have a host of friends to rise in their defense when the business is subjected to unjust criticism.

L. W. Zonsius of Chicago gave the treasurer's report. Ray L. Brith of Danville spoke as chairman of the automobile committee. He said his committee was responsible for keeping the New York demerit rating plan out of Illinois. At a meeting the previous day of the committee to discuss the new expanded auto classification plan, the consensus was, he said, that the bureau is trying to make distinctions that are too thin and doubt was expressed as to the workability of the program.

Joseph Prola of Springfield was heard as chairman of the ways and means committee which was named to go into the dues problem. The directors the previous evening had voted a budget that calls for expenditures that exceed anticipated income by \$1,900. He noted that there is widespread self-debasement for dues payment. For instance last year better than half the members outside of Chicago paid dues of less than \$20. That would mean that their premiums were less than \$20,000. He said the directors had decided to propose a revision of the dues schedule which would among other things increase the minimum from \$10 to \$20. For premiums from \$20,001 to \$40,000 the dues would be \$35; from \$40,001 to \$60,000, \$50; from \$60,001 to \$80,000, \$65; from \$80,001 to \$100,000, \$80; from \$100,001 to \$200,000, \$100 and over \$200,000, \$125. Mr. Prola made a persuasive talk in outlining this and the proposal was adopted unanimously.

Then came Robert B. Ayres of Hinsdale reporting on accident and fire prevention. He said in Du Page county the various women's organizations were enlisted in a safety program and their enthusiasm and determination was a mighty thing to behold. From this he opined that the answer lies in arousing sentiment among volunteer groups, rather than relying on the professional safety elements. He voiced the belief that Chicago Motor Club opposes worthwhile auto legislation and by mobilizing citizens' groups the motor club influence can be offset.

Elmo Johnson of Chicago gave a rundown of casualty developments in Illinois as chairman of that committee. He noted that one large non-bureau company had gotten out of the blanket position bond field because of a loss involving collusion among numerous employees. The company now limits its liability under collusive losses to \$250,000, except that with bonds of greater amount, the bond amount is the limit. Also the discovery period is limited to one year after termination instead of two years.

He said there must be developed a good domestic market for excess fidelity cover or Lloyds by supplying this need will become a threat when it comes to the primary insurance. He was referring to the Bank Share Owners' Advisory League situation. He asked for a resolution asking the companies to provide errors and omissions coverage including EC in blanket bonds

for mortgage bankers. Lloyds is now doing this.

There is under consideration setting a \$100 limit on money anywhere in the premises under the storekeepers policy, with a total limit of \$250. Now the coverage is \$250 but only in a safe.

Emil Lederer of Chicago reported as chairman of the conference committee. He noted that agents and companies are in agreement that the annual renewal plan should be withdrawn, leaving only the installment payment plan on the shelves. Very shortly, he said, a new improvement and betterments form will be introduced that will take care of everything the agents have been wanting. The companies have agreed to introduce the liberalization clause in Illinois forms. The companies have agreed to study the suggestion that notice of sprinkler shutoff for repairs may be given to the agent, company or inspection bureau rather than only notice to the latter being recognized. The companies concluded that the idea of a central office to serve on placements of large lines is impracticable. The companies have agreed to study the idea of permitting under the replacement cost provision, rebuilding at a location other than that of the insured structure. Unless this is done, the agents aver, much of the business will go to Lloyds. F.I.A. doesn't require using the same foundation site.

Another suggestion that the companies have agreed to consider is to write household goods anywhere rather than at a specified location. Again under study is the proposal that a plan for changing a pro rata premium be set up so as to permit an insurance program to embrace a common expiration date.

Alvin S. Keys of Springfield reported as the old master for the legislative committee. He outlined practical procedures of strategy in handling legislation. There were passed in 1953 no bills that were really obnoxious to insurance. He said that there was no increase made in the insurance limits under the FR law.

Lyle Gift of Peoria reported for the education committee and Howard Hendricks of Bloomington for the property insurance committee.

Merle A. Read of Joliet, a past president, had a highly successful season this year on the show horse circuit. Out of 12 showings of his Vicky Lynn, the Tennessee walking horse, he got five firsts and five seconds and he won the amateur class at the Wisconsin state fair at Milwaukee. This mare he acquired from Homer Rodeheaver. Mr. Read has the Circle R ranch near Joliet.

Jack Gift, by serving as chairman of the housing committee is projecting a family tradition. His father, Lyle Gift, has been the general chairman whenever the Illinois agents have met at Peoria for many years, and was in his usual role this week. Jack Gift joined his father's agency in 1947 and returned a year ago after two years out for a second term of navy service. He is a graduate of De Pauw. The Gift family is 100% insurance. Mrs. Jack Gift is the daughter of Ollie Bolton, who is now special agent of Springfield F. & M. at San Diego, and Jack Gift's sister is Mrs. Harry Parrish, Jr., who husband is associated with his father in the local agency business at Tulsa.

John C. McGurkin, secretary of Phoenix of Hartford, attended the Peoria meeting. He was in the midst of an Illinois trip in company with Marshall Schick of Decatur and Ray Peterson of Peoria, field men of Phoenix.

There was much interest in the report that H. H. Cleveland of Rock Island may enter the Republican primaries for state senator next year. He is the fifth generation Cleveland in his agency and is regarded as a comer. He has been with the agency since completing military service about four years ago.

The Illinois meeting was the fourth agents convention that James White, advertising manager of Maryland Casualty, has addressed this season. His earlier appearances were in Texas, Alabama and Mississippi. He has a real sales and advertising message and he always makes a hit.

Harold Kraft of Chicago, secretary of Springfield F. & M., stayed over to conduct a meeting of the Illinois field men of his company Wednesday.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Reviews Trends in Reinsurance of Various Lines at Accountants Meeting

In discussing reinsurance before the Insurance Accountants Assn. conference at Philadelphia, Howard Shadwell, vice-president of Holborn Agency Corp., dealt with background and trends. Following his introduction of the subject, a panel answered questions.

The panel was composed of Hay Watson Smith, vice-president Excess Management Corp.; Donald E. Bryant, vice-president Treaty Management Corp.; Donald R. McKay, vice-president Inter-Ocean Reinsurance; Wallace J. Burt, Jr., assistant vice-president Northeastern; John A. Diemand, Jr., vice-president North America, and James Wilson, assistant secretary and treasurer of American Reserve.

Basically, Mr. Shadwell pointed out, the forms of reinsurance commonly applied to fire business are quota share, surplus treaty, spread loss catastrophe cover, facultative reinsurance and the occasional aggregate excess. There is no form of reinsurance in respect of other classes which does not fall under one of these general headings, though the exact form of reinsurance and its application varies considerably with other classes of business.

In many ways the reinsurance pattern for inland marine follows the same general lines as for fire and is often included in the same reinsurance contracts. In most cases, however, there is this difference: Agents are quite used to the idea of dividing a fire line between the companies they represent, eliminating or at least reducing the need of a great deal of capacity by any one company. With IM it is not the general practice for the agent to divide a line between several insurers. The result is that most IM departments of average size companies carry a surplus treaty, giving them a capacity for 10 or more times their net retention, whereas the fire department of the same company would be satisfied with a four or five line surplus treaty, if indeed they have a surplus treaty at all.

The IM department is necessarily concerned with transportation risks, so it is difficult or impossible for the IM underwriter to avoid unknown concentrations in one location. Thus for this reason, he said, it has been almost standard practice for many years for the IM departments to carry an excess of loss cover over a relatively small deductible. In recent years many IM departments have relied on a so-called working excess of this type to protect the individual risk as well as the unknown concentrations for which such coverage originally was planned. Within reasonable limits this works out

very well. An excess cover of this type may be rated at a fixed percentage of the inland marine income or written as a long term contract based on experience rating the same as a spread loss cover for the fire department. The net result is much the same, as even a fixed rate has to be adjusted from time to time according to the reinsurer's experience.

Ocean marine presents a different problem. The number of risks available to the whole market is relatively limited and obviously the concentrations on one vessel must be regarded as one risk. Probably this is why ocean marine business is very largely written by syndicates, groups and pools whereby the capacity of many companies is readily available through one office. In such cases the need for reinsurance is reduced to a minimum.

However, many and varied cargo interests add to the liabilities thus assumed and it is normal for an ocean marine department to keep a line card in respect to each vessel in which it is interested, showing total of its various commitments on hull and cargo of that vessel. According to the type and age of the vessel a net retention is established, and amounts beyond the net retention are ceded to what in the fire business would be called a surplus treaty. In the ocean field this is more commonly referred to as an excess cover, meaning excess of line rather than excess of loss.

Facultative insurance is also used frequently, more so than in fire or casualty, to reduce excessive lines to a figure which will permit the law of averages to work.

The reinsurance field is in some ways more flexible than fire or casualty. Who could imagine a reinsurer accepting part or all of a fire risk if it suspected that it was already burning? Yet this has been done marinewise for generations in the so-called overdue market which specializes in reinsuring overdue vessels where there is a presumption of loss. Actually the rate for this sort of thing reflects the hazard and there is no relation to the original rate.

Another practice strange to the fire or casualty man is that of the reinsurer quoting his own independent rate for facultative reinsurance on a risk without even knowing the ceding company's rate. Presumably this is possible only because the construction and age of every vessel of importance is readily available to all marine insurers so they are in a position to make their own rate once they are told the proposed voyage and the nature of the cargo. He said he understood that to an increasing degree the ocean marine departments are using excess of loss covers.

Workmen's compensation and various forms of liability insurance almost invariably are reinsured on a straight excess of loss basis, he said. To an increasing degree there is a form of rating quite similar to the spread loss cover of the fire department, a long term or continuous contract whereby the rate is automatically adjusted within certain limits according to past experience. It is the rule rather than

Answers Criticism that Business Is Complicated

One criticism of the insurance business is its increasing complexity, Henry K. Duke, CPCU and CLU, of Cumberland, Md., told the all industry luncheon sponsored at Pittsburgh by Allegheny CPCU chapter. But, he added, insurance is inherently and inescapably a complex mechanism.

If the public's criticism is not helpful because people don't understand insurance, and if it can't be simplified without limiting its field of usefulness, what is the solution? Objective, informed and inquiring criticism from within the business, he said.

He suggested that executives in the business encourage the kind criticism, not that says this is wrong but rather the kind that says this is right. He told of the vice-president of an insurer who asked why a substantial line had been declined by the fire underwriting department. Because the clause was unprofitable, was the reply.

"Let's look," he suggested. "Inquiry revealed it had been profitable for 19 years—it had been unprofitable 20 years ago."

Some of the difficulties are frightening, but surely some system for more scientifically rating property and casualty insurance can be devised in a country with so much engineering know-how and mathematical skill, he said.

the exception for the excess limits to be reinsured at the rate shown for those limits in the rate book, less of course a commission to the ceding company. This can still be handled on an experience rating basis, but in this case it is the commission that varies according to the experience rather than basic rate.

One noticeable difference is evident in comparing fire and casualty reinsurance. Fire reinsurers by and large prefer quota share or surplus treaties and tend to avoid excess covers. In casualty the reinsurers strongly prefer excess covers and are reluctant to accept quota share and first surplus treaties. There is some change in the attitude of casualty reinsurers in this respect, however.

Fidelity and surety reinsurances are still handled to a large extent on a reciprocal facultative basis. Whether this is necessary or not, Mr. Shadwell did not say, but noted that since the reinsurance of other types of business has progressed from facultative through surplus treaties and is now more and more developing into excess of loss reinsurance, it seems not impossible that F&S reinsurance will follow the same line of development.

Fireman's Fund western department at Chicago presented a "Funds-A-Pop-pin" show at the Lowell theater in suburban Oak Park. The "Fundsters" in several skits parodied certain phases of the insurance business, as well as their big brass, and also put on some professional-appearing production numbers before a full house.



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"PEPPY FREDDY, the fieldman, says:

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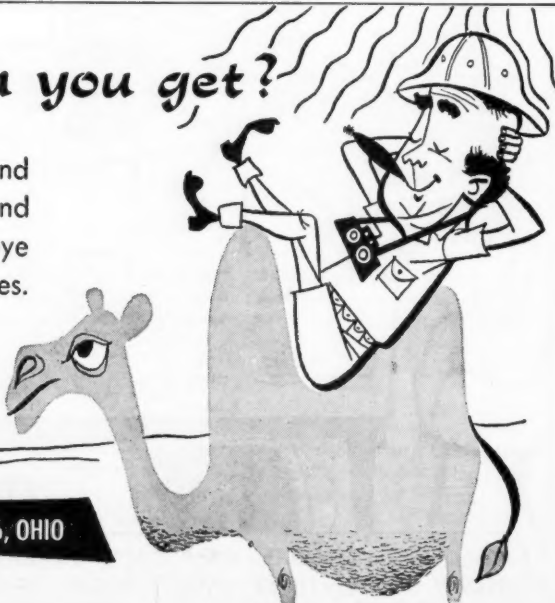
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Allstate Office Thronged at Opening

The new head office of Allstate at 7447 Skokie boulevard, Skokie, Ill., was thronged with visitors on two successive days last week. On the first day there was a company party with dinner being served to members of the staff and their families, and the second day the visitors were Sears, Roebuck & Co. officials, other leaders and a host of business friends of the company. There was a buffet served in the employees dining room on the third floor of the new building. This is a resplendent structure. This building was put up originally as a regional office and two stories have been added to this for home office purposes. There are fewer home office employees, however, than there are in the branch, the home office contingent numbering about 480 and headed by President Calvin Fentress. Allstate has followed through on the Sears, Roebuck program of decentralization. There are no policies processed at the head office and no underwriting of any specific risks. The underwriting consists of developing the statistics and laying down policy.

The buildings loom large in an open section. The third floor is set back and there is provision for a roof garden, and this is to be developed for that purpose. There was a brochure given to the visitors picturing the progress of Allstate, building by building, commencing in 1931 when it occupied 1,500 feet in an office in the Sears, Roebuck administration building. The most recent move is from the modern building that it put up in the Sears, Roebuck "campus" in 1950, but this has now been taken over entirely by Sears. The brochure notes that there are now 7,500 Allstate employees, 2,260,000 policyholders, \$175 million premium volume and \$200 million assets.

The actuarial department of Allstate provided the publicity department with some impressive statistical comparisons that were incorporated into the brochure under the title "The Big Build-Up." For instance, Vice-president and Actuary C. B. Kenney calculated that there is enough floor area in the building to play 57 regulation games of basketball simultaneously. There is enough face brick to construct 216 average-size, six-room brick veneer homes; enough air conditioning and ventilating ducting to form a 3 ft. x 2 ft. metal tunnel $2\frac{1}{2}$ miles long; enough fluorescent lights to illuminate the kitchens and bathrooms of nearly 5,000 homes; enough asphalt tile to floor 1,352 home kitchens and bathrooms; enough electrical wiring to wire 373 six-room homes or to make a single wire seven miles long; enough window glass to glaze all of the windows in 113 six-room homes; enough concrete to make a solid column measuring 10 ft. x 10 ft. at the base, reaching over a half mile into sky.

Fla. School Procedure O K

As a result of a question raised by the attorney for Classroom Teachers Assn. of Duval county, Attorney General Ervin of Florida rules that the method used for handling group insurance on school children in Duval county does not violate the agent or adjuster laws. The teachers collect the premiums and the school principal or superintendent turns them over to the insurer. Claims also are handled by the principal or superintendent.

Insurance Men Need Business Education, Big Buyer Asserts

Insurance underwriters' lack of understanding of the specific problems of the companies they insure is the most serious weakness of the insurance business today, Herbert T. Blood, Sylvania Electric Products, asserted in his address at the insurance conference at Chicago of American Management Assn.

The increasing demand for multiple-line coverage has caused insurers to review standard forms, re-define risks and coverages, and broaden contracts "in recognition of the fact that insurance as such can not be the tail that wags the dog insofar as industry operations are concerned." But, he added, there is still much to be done in terms of providing special solutions for individual problems.

Too often insurers understand too little in their underwriting departments about specific problems and their importance to the industry requesting insurance, he went on. "Many times the underwriters have little first hand knowledge of their own about the business world outside their insurance office." The only solution is "close liaison and sincere and forthright communication between buyer and underwriter," he said, holding that underwriters have a "manual education" only, and are not familiar with the problems of their insured. This makes negotiation "supremely important."

No insurer can provide proper coverage if the buyer fails to make his needs clear and if he fails to give the underwriter all the information required for risk evaluation and rate making. "Any buyer who fails to co-operate wholeheartedly in this respect suffers some mental myopia. Incomplete underwriting information usually leads to higher rates, not lower, and to more restrictive rather than broader coverage... Any rate promulgated on the basis of incorrect or incomplete information will only be subject to a later adjustment as the loss record accumulates."

The underwriter also has an obligation to supply full information to the buyer, Mr. Blood said. The buyer should know how the underwriter determines the premium to be charged, the rating formula, the cost factors in it, and the reasons for the applications of these factors to the formula.

"It used to be said," according to Mr. Blood, "that no single buyer could know enough about the insurance business to dare to embroil himself in this type of detail. In my opinion this is a lame excuse for the buyer to avoid the most important part of his work. It is true that he does not need to know all of the rating formulas that may apply in all of the coverages to all business in general, but he must know the application of these formulas to the coverages he is purchasing for his own organization." Particularly in the case of a new risk, the buyer may wish to submit his specifications and underwriting data to several companies for bidding. If excessive values or limits are not a problem, and if tailor-made coverage is not required, competitive bidding, properly controlled by the buyer with complete protection of the bidding company's information, may result in the best coverage at the lowest cost.

Competitive bidding also may be of

value, Mr. Blood said, in reviewing insurance that has been maintained in one company for many years without having been properly investigated on previous renewal. Competition that does not deviate from good ethics can stimulate imagination in solving the buyer's insurance problem and it will bring the buyer up to date on his own organization's procedures and on changes in the insurance industry.

Mr. Blood warned that competitive

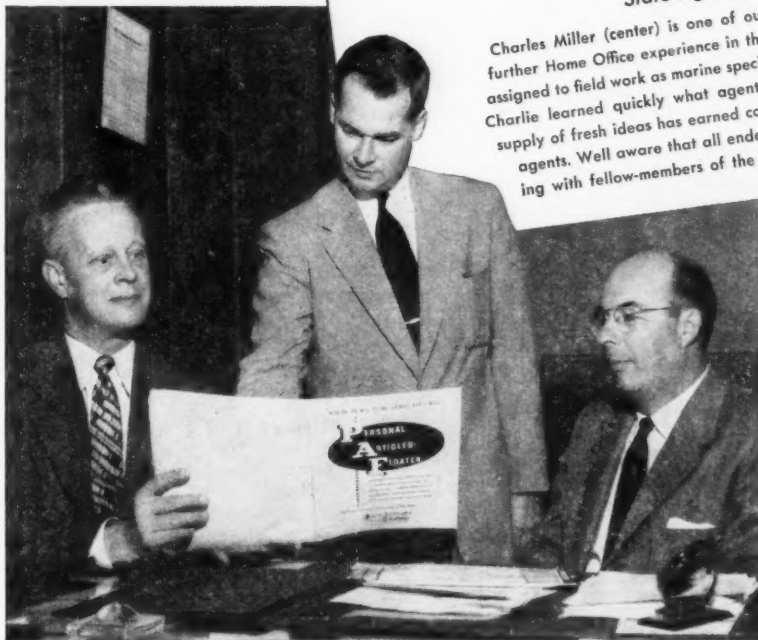
bidding may not be a solution to all the buyer's problems and even may be the beginning of still more serious ones. In the case of coverage involving large values or high limits, and in cases involving tailor-made insurance, the limitations of the market may make competitive bidding an obstacle to fulfillment of the buyer's needs. "If competitive bidding becomes the buying habit of the insured, on the basis that the purchase of insurance is no differ-

ent from the purchase of stationery, rubber bands, and paper clips, then such competitive bidding is insidious. Its effect is to complicate the insurance company's reinsurance placement, which conceivably could ruin the market for more serious buyers. The buyer who insists on this sort of competition ruins his own market as well and may find himself self-insured or uninsured."

In no case, Mr. Blood added, should

Making Friends... with the Fieldmen

CHARLES MILLER, 3RD
State Agent, Cincinnati, Ohio



Charles Miller (center) is one of our 1947 training class graduates. After further Home Office experience in the Fire and Marine Departments, he was assigned to field work as marine special agent in the Southwestern Ohio area. Charlie learned quickly what agents want and need most, and his steady supply of fresh ideas has earned comments such as these from leading Ohio agents. Well aware that all endeavor has its lighter side, he enjoys relaxing with fellow-members of the Miami Valley Puddle of the Blue Goose.

"We have as much confidence in him as we have in our own personnel"

says **GEORGE S. SALZMAN** and **LESLIE C. GRAHAM**

Thomas E. Wood, Inc., Cincinnati, Ohio

This sincere tribute comes from two of Cincinnati's most prominent insurance executives. George Salzman (left) and Leslie Graham (right) are Vice-President and Executive Vice-President respectively of one of Southwestern Ohio's largest agencies, now in its second half-century of growth. They belong to the State and National Associations, and the Cincinnati Fire Underwriters and American Management Associations.



"He keeps abreast of current developments and accurately analyzes their effect on agency practice"

says **EDGAR W. LUKIE**

D. & L. Insurance Agency, New Richmond, Ohio

This highly-respected New Richmond agency has represented Fire Association-Reliance for more than 50 years. Owner Ed Lukie — though he hasn't been on the insurance scene for quite that long — knows the importance of keeping well-informed on trends and changes in the industry, which helps explain his success, and his high opinion of Fieldman Charlie Miller. Ed takes an active interest in insurance activities in his home state... is a past president of the Clermont County Association and belongs to the Ohio Association.

"We can count on him for helpful new ideas. His suggestions are invariably sound and practicable"

says **GLENN G. MCCONNELL** and **RICHARD D. CARVER**
The George R. McConnell Company, Troy, Ohio

Glenn McConnell, President, (left) and Richard Carver, V.P., emphasize "new ideas" in this comment on Charlie Miller's services. Their intelligent application of suggestions for promoting sales and smoothing out office routines has helped them build their agency, founded in 1887, to one of the largest in Troy. They belong to the Ohio Association, and Richard Carver is a past president of the Miami County organization.

There's a Fire Association-Reliance Fieldman in your area ready to give you the same personalized service that inspired the statements of these successful Ohio agents. Why not have a talk with him? You'll be glad you did. Write today, and we'll have him call.

Head Offices: 401 Walnut St., Philadelphia 6, Penna. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto. Claims and settling agents throughout the world.

 **Fire Association**
SINCE 1817
Symbols of Security  **Reliance**

INSURANCE COMPANIES OF PHILADELPHIA

Poised in a corner of your plant, like a deadly serpent, fire is ready to strike!

At dip tanks, switch gear, transformer vaults.

The safest move is to install a KIDDE fully Automatic CO₂ Extinguishing System.

Kidde

Walter Kidde & Company, Inc.

1143 Main Street, Belleville 9, N. J.

Walter Kidde & Company of Canada, Ltd., Montreal, P. Q.

Don't get rattled...



for your Kidde dealer



ANCHOR'S MULTIPLE LINE FACILITIES



SEE YOUR ANCHOR MAN FOR COMPLETE DETAILS OR WRITE



"AHOY," SAYS BOS'N DAN,

"You touch off a whole series of important selling events when you start using Anchor's Multiple Line facilities. You'll find one thing leads to another in both client and company relationship. So hoist your sales today—enjoy the convenience and service only Anchor offers!"

Help YOU
Start a Chain
Reaction of
SALES!

the buyer entertain the idea of competitive bidding without understanding fully what he hopes to gain and without maintaining full control of his own management during the bidding period to see that latecomers are not suddenly injected into the bidding situation. And he should have sufficient authority to make an intelligent and fair choice of insurer.

Whether or not competitive bidding is used, Mr. Blood said, the buyer must do much more than simply place his problem in the hands of an agent or broker. If excess or reinsurance is applied, the insured must work with the primary underwriter to see that these contracts follow the terms, conditions, and settlements of the primary coverage. In the case of excess insurance, the insured must be allowed to have specific insurance by the terms of his primary contract.

Interstate F. & C. Has 10% Fire, EC Deviation in Ill.

The Illinois department has approved a 10% fire and extended coverage rate reduction for Interstate Fire & Casualty of Bloomington.

Practically all residential and mercantile buildings and contents exposures, regardless of construction or protection, qualify for the deviated rates. Non-manufacturing sprinklered risks and oil refining and distribution stations also are included.

Increases Capital, Surplus

Jefferson Ins. Co., New York, has voted an increase in capital from \$500,000 to \$700,000 and an increase in surplus of \$280,000. Through these increases, capital and surplus now total nearly \$1,600,000. Licensed now only in New York state, the company plans to expand operations in the near future.

GAB Has Adjusters' School

General Adjustment Bureau has started an advanced class for senior fire adjusters in New York City, directed by the education and research division. The 26 adjusters from that many branch offices in the eastern department will go to school for two weeks, getting an accelerated study in the more technical aspects of fire loss adjusting and miscellaneous time element covers.

GAB senior general adjusters and division managers in the east will instruct. Also, guest lecturers will include George Gross, New York attorney R. C. Williams of Hanover; B. E. Prentice of Hartford Steam Boiler, and Lewis A. Vincent, general manager of National Board, and members of his executive staff.

Ala. State Cover Totted Up

Finance Director Hodo of Alabama said the state this year is insuring its property for a total of \$168,812,000 fire and \$45,565,000 wind. Premiums amount to nearly \$1 million including what is paid both to commercial companies and to the state fund. The fund kept total liability of about \$76 million and premiums of nearly \$500,000, and reinsured through general agents \$92,812,000 at a premium of \$43,697.

Set N. Y. '54 Women's Dates

The 1954 convention of Federation of New York Insurance Women's Clubs will be held at Auburn April 23-25, it was decided at the midyear meeting of the board at Albany, which was attended by about 100.

Applications for licenses in Oklahoma have been filed by Horce Mann Mutual Casualty, Springfield, Ill., and Jewelers Mutual of Wisconsin.

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Bottle of Milk to Christen New Colo. Home Office

Preferred Risk Mutual of Des Moines expects in December to occupy its new regional office building at Colorado Springs. A corps of about 45 employees is already operating in that city in temporary quarters and will be ready to make the move when the building is completed. There will be unusual ceremonies in the launching of this company that will be consistent with its dedication to the cause of total abstinence (from alcohol). The christening will be accomplished by breaking a bottle of milk rather than champagne on the new building.

The Colorado Springs office will be in charge of J. J. Mallon, who is secretary of the company. Preferred Risk Mutual has been getting a lot of publicity because of the unusual nature of its operations. For instance, when it enters a new state, the newspapers have featured the company and not so long ago Wall Street Journal gave it sprightly front page treatment. Preferred Risk has been doing some prominent newspaper advertising here and there. It has a campaign using the Chicago Tribune. The premium volume is running about \$3¼ million. It has a radio program originating at Des Moines at 8 p.m. Saturdays known as The Song Fellows; this is a hymn program.

The president of Preferred Risk is the Rev. Sam Morris, who is known as The Voice of Temperance. He was originally a preacher in San Antonio in the Southern Baptist Church. William Plymat, the treasurer, was formerly with State Auto of Des Moines. Mr. Mallon went to Preferred Risk from New York City where was an attorney. He and Mr. Plymat were classmates at University of Minnesota. Bern Mercer is the agency director. He was associated with Mr. Mallon in law practice at New York.

The main support of Preferred Risk Mutual comes from the so-called fundamental denominations such as Nazarenes, Mennonites, etc. At Chicago there is considerable support from the Moody Institute. Most of the agents are members of such denominations and they must be total abstainers as well as all the company employees. The company finds that it is able to get first-class employees by advertising for total abstainers. Answering such advertisements frequently are girls who say they are disturbed by the drinking that has gone on at the offices where they were employed.

Preferred Risk writes at a 25% deviation and so far at least, has not adopted the new expanded classification plan. On top of that it has a merit rating plan that is applicable to the third party liability and collision coverages. There is a 5% credit on these for each year of accident-free operation up to a maximum of 25%. Thus an insured with the top credit would be paying 46% less than bureau.

Some might think that youthful drivers whose parents are total abstainers might be better risks than the sons and daughters of tipplers, but such is not the case. A Preferred Risk Mutual man said that a 17-year old kid drives as if he was drunk whether he is or not, and regardless of who his parents are. Their class 2 experience is nothing to brag about.

Mr. Plymat, at a recent convocation

briefing conference of the board of temperance of the Methodist Church at Washington, gave a talk on "Alcohol and Motor Traffic" that was well received. The company is licensed in Alabama, Illinois, Iowa, Missouri, Minnesota, Nebraska, Oklahoma, Colorado, Utah, Wisconsin, and it is awaiting approval in the state of Washington.

Insurance Women's Assn. of Seattle is sponsoring a course in insurance office practices, with members of the association as instructors.

Wash. Assur., Merch. Ind. to Vote on Merger Proposal

Washington Assurance and Merchants Indemnity will vote Nov. 30 on a proposal to merge, with the name of the continuing company to be Merchants Indemnity Corp. of New York. Both companies are wholly-owned subsidiaries of Merchants Fire.

Houston F. & C. Claims Office

Houston F. & C. has established a claims office at Seattle, headed by W. W. Fritz, resident adjuster. Mr. Fritz

has been with the Arthur E. Campbell-Husted Co., Seattle adjusters, and before the war was with the Hartford companies.

50-Year Agency at Rochester

Oakley & McNamee, general agents for General Accident at Rochester, N. Y., were honored in recognition of the agency's 50th anniversary. It was founded in 1903 by W. C. Burnette. It became Burnette & Oakley in 1932 and took its present name in 1946 when Thomas McNamee joined the firm.

Our 25 YEAR Agents tell their story.....



W.D. "Duke" CLEMENTS

Mr. CLEMENTS was born in Goldthwaite, Texas, more years ago than he cares to mention. If there are any historians who want to look it up, it was the year Mills County (of which Goldthwaite is the County Seat) was organized and he attended the sale of town lots in a baby buggy, but it didn't look like a good proposition so he didn't buy any lots! He says that he attended the Goldthwaite Public Schools but did not receive a diploma for reasons satisfactory to the Superintendent, but then he went to a private school in Austin and still no diploma. He then went to A. & M. College of Texas and was in his junior year when a student strike was called and the class temporarily disorganized and he did not return — still no diploma. Based on the knowledge of what "Duke" has done in the insurance business, we would say that his failure to graduate from any of these schools proved but slight impediment to his career.

Mr. Clements' father, Phil H. Clements, started his first insurance agency in Goldthwaite, Texas, in 1892, which he sold in 1911. Duke entered the business in July, 1919, as a partner with J. C. Darroch and in 1921 the partnership bought the agency which had succeeded to the business of his father. He acquired the sole ownership in 1922 and carried on alone until 1948 when he took in Mr. G. C. Head as a partner.

Duke tells us his father represented only Capital Stock Insurance Companies from the beginning and that is the only kind of companies which he has in his agency now or which have ever been in his agency. He opines that "what was good enough for father is good enough for me." It is a pleasure to do business with agents like him.

W. D. CLEMENTS
INSURANCE
GOLDTHWAITE, TEXAS

July 29, 1953

In November, 1925, the special agent for the newly formed Gulf Insurance Company called on me and graciously permitted me to join the list of Gulf agents, thereby becoming a Charter Agent for the baby of Texas insurance companies. I produced business for you in the beginning month and have not failed to do so during any month of the twenty-eight years following.

My relations with the Gulf, from my perspective, have been very pleasant, and only on one or two occasions have I had arguments regarding the operations of the business, and these were with the Boss Man. However, small items like these are greatly eclipsed by the generous and wholesome things the Gulf has done for me. The fair and kindly treatment shown me by the Gulf has caused me to give it the number one place in my agency. The same friendly and personal relations prevail now as when the company was very small and this I do most admire.

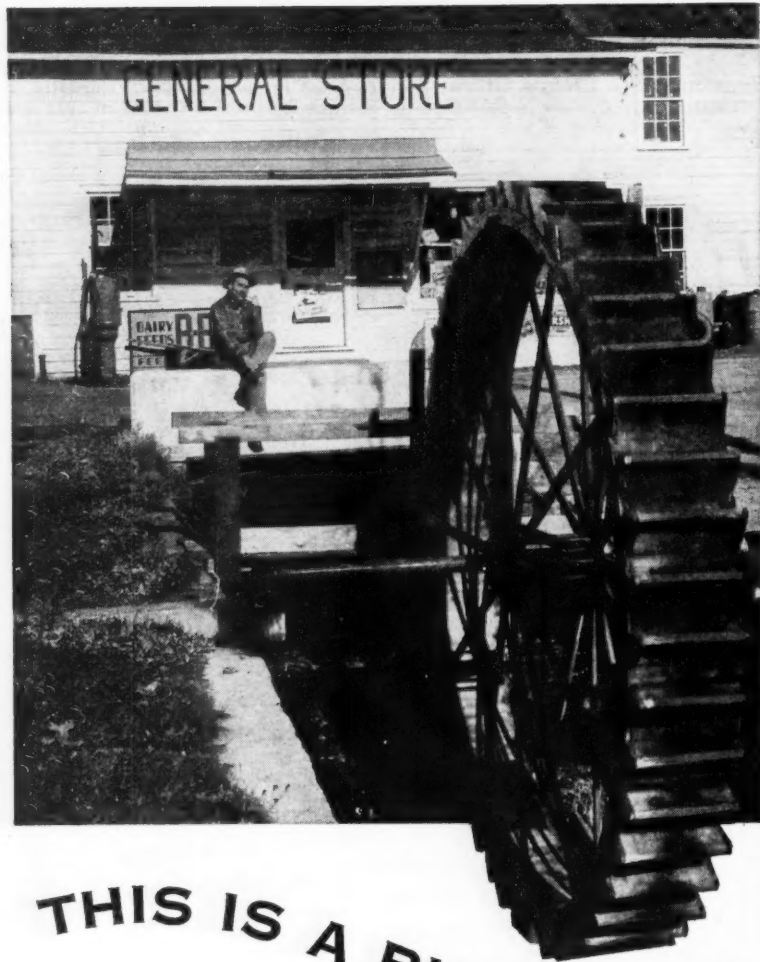
Sincerely yours,

W.D. Clements
W. D. CLEMENTS.



GULF INSURANCE COMPANY
ATLANTIC INSURANCE COMPANY

FIRE AUTOMOBILE INLAND MARINE



THIS IS A BUSINESS?

Yes. An important business to the man who owns it.

That's why he buys insurance.

Everything but Business Interruption Insurance.

Why doesn't he buy that—when an interruption in his business by a windstorm, fire or explosion . . . and the resulting loss of income . . . can mean "out of business" for him.

Perhaps he and the thousands of "unsold" merchants, large and small, haven't been made actively aware of the merits of Business Interruption Insurance.

Could it be that you are deciding that prospects in your own backyard don't want this protection . . . before you tell them about it?

ROYAL • LIVERPOOL Insurance Group

CASUALTY • FIRE • MARINE • SURETY

150 WILLIAM ST., NEW YORK 38, N. Y.

ROYAL INSURANCE COMPANY, LIMITED • ROYAL INDEMNITY COMPANY • AMERICAN & FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE CO. LTD. • NEWARK INSURANCE COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • GLOBE INDEMNITY COMPANY • STAR INSURANCE COMPANY OF AMERICA • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

Statistical Simplicity Is Big NAII Plea

National Assn. of Independent Insurers at its closing session at St. Louis went on record as endorsing the uninsured motorist program for the unsatisfied judgment collection guarantee feature as outlined in the report of Vestal Lemmon, the general manager. NAII also unanimously approved the association's new assessment formula to produce a greater degree of equity.

Mr. Lemmon, reporting on Independent Statistical Service, which is a department of NAII, said the automobile statistical plan is in effect in all states requiring the reporting of experience by independent companies except New Jersey and Massachusetts. Early approval is hoped for in New Jersey. Massachusetts has its own BI statistical plan under the compulsory law.

The plate glass statistical plan was streamlined, according to Mr. Lemmon, more nearly to meet the needs of the business and to furnish reliable information. The National Bureau and Mutual Bureau adopted a plan practically identical with that of NAII, he said.

The volume of experience that will be reported to ISS this year on the fire lines will be sizable. In the field of crop-hail statistics, Mr. Lemmon said that independent companies write more than 40% of this business. ISS has a special committee on this and the technicians have designed a plan that is adaptable to obtaining experience in accordance with the operating methods of the independent companies. The independents, he said, follow a different pattern in their underwriting procedures than do the organization companies belonging to Crop-Hail Actuarial Assn. Relationship with the latter is extremely pleasant, he said. C-HAA has no desire to collect the experience of independents because C-HAA does not want to use such experience in its rate making

procedures.

Mr. Lemmon said that they are running into insistence for a breakdown of automobile experience for each classification by territory and a reporting of the number of claims. ISS compiles such experience by classification state-wide and by coverage by territory. This provides an abundance of detailed information that is enough for rate review purposes. If rates were determined using the losses by class by territory there would be some weird results. For instance, there might be an indication of a lower rate for class 2 in the commercial classification than class 4 for the same territory. Those wanting the breakdown say it is necessary for the determination of the underlying pure premium in order that it can be compared with the pure premium—that is, the loss cost per unit of exposure for the class within the territory. "Whoever thought this one up," Mr. Lemmon said, "must not have taken the time to think it through. What is an underlying pure premium? It is the amount available in the present rates with which to pay losses. How can you get such an average underlying pure premium when you have companies charging different rates? It can be obtained easily if all companies write at uniform rates, but it is absolutely unrealistic and impossible for us to develop from reports by independent companies using different rates."

Mr. Lemmon also entered objection to the idea of reporting number of claims. It isn't necessary to get the claim count to arrive at the pure premium. The latter is determined by dividing the exposure into the losses. Why put everyone to the trouble of getting the claim count when the easy and accepted method is to divide the losses by the exposures? he asked.

Kenneth C. Kimmel, for three years with the claim department of U. S. F. & G. at Wichita, has joined the Beezley, Outland & Foote agency there. He is a graduate of the Washburn law school, Topeka.



**BRANCH OFFICES IN
PRINCIPAL CITIES**

FIELD SERVICE NATIONWIDE

INLAND, OCEAN MARINE, YACHT,
AND AIR CARGO LINES

Appleton & Cox, Inc.

111 John Street, New York 38 New York

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Tell of Fast Track and Short Circuit in Setting Up Claim Reserves

About 125 turned out for the two-day session on office methods and procedures and accounting and statistical matters of Conference of Mutual Casualty Companies at Chicago. A sizable delegation had been at St. Louis earlier in the week for the annual convention of National Assn. of Independent Insurers so they appeared at their offices this week with uncommonly enlightened mien. Carl M. Russell of Meridian Mutual, who is president of CMCC and Paul E. Buehler of Beacon Mutual Indemnity, the secretary, were on hand with E. S. Jones of Ohio Farm Bureau, who is chairman of the office methods and procedures committee of CMCC, and E. L. Brandt of Auto-Owners, chairman of the accounting and statistical committee.

There was considerable interest in a symposium on the procedures of the Ohio Farm Bureau in setting up average reserves for auto claims including bodily injury. One point that was brought out here was that the BI claims that are put in at an average figure are reevaluated at the end of six months and another point brought out was that in putting up reserves on collision claims credit is taken for expected salvage and subrogation recoveries at an average figure. In this way an agent whose remuneration is affected by loss experience is not unjustly debited. The Farm Bureau people said that in arriving at averages all settlements are counted even if there is a zero payment. The Farm Bureau people referred to this system as "fast track and short circuit."

E. M. Nistler, superintendent of tabulating of Hardware Mutual, spoke on automobile statistics that best measure loss experience. He said the policy year basis has been required of the companies by the supervisory authorities. The policy year experience as developed at the end of calendar years may be essential in rate making, he said, but much of this data comes too late to aid management. There is little comfort to management in knowing what happened in the past when it lacks data as to the current trends. The policy year experience has not been a good guide for shaping management decisions. He expressed the belief that the most helpful data for management is the earned and incurred experience on a quarterly basis.

On Kan. Steering Committee

George Bernhardt, president of Leavenworth Insurance Board, and Dean Mathews, manager of the Berryman agency, Ashland, have been named to the executive committee of Kansas Assn. of Insurance Agents. With Gilbert Henry, Kansas City, new secretary, they replace George Bacon, Eldorado; Howard Fullington, Wichita, and Charles Schiefen, Colby.

Victor Named at Albany, Ore.

J. H. Victor has been appointed resident adjuster at Albany, Ore., for General Adjustment Bureau. He has been at Salem, and has been with G.A.B. since 1950.

The Palm Springs, Cal., office of G.A.B. is now in new quarters in the Oasis building.

A new office has been opened at Lewiston, Idaho, by General Adjustment Bureau. John W. Sommer of Spokane takes charge there. He is a

graduate of the University of Idaho and has been with G.A.B. since 1948, starting at Yakima. The Lewiston address is 1722 16th Street.

N.A.M.I.A. 1954 Dates

The 1954 annual meeting of National Assn. of Mutual Insurance Agents will be held at New York Oct. 25-27. The midyear meeting will be at the Flamingo at Miami Beach, March 29-31.

New Ga. Office for G.A.B.

General Adjustment Bureau has opened an office at Valdosta, Ga., and

has appointed W. H. Hill as adjuster in charge. He has been with G.A.B. since 1948 and has had service at Jackson and Vicksburg, Miss.

Ohio Warning on TV

Ohio Assn. of Insurance Agents is making available policy stickers warning insured that television and radio equipment on the outside are not covered against wind and hail. This is one of the changes which is scheduled to be made by Ohio Inspection Bureau late this month.

The stickers are available through

the headquarters of the association at Columbus.

Bridge, Road Work Bonded

Charles L. Harney, San Francisco, has been awarded a contract for a bridge and miscellaneous road work in San Francisco city and county at \$3,680,237. Fidelity & Deposit through its San Francisco office is surety on the work.

Tillamook County (Ore.) Insurance Agents Assn. has elected Gordon Gilbertson president; Howard Owens vice-president, and has reelected Edith McGhee secretary.

WELL AND FAVORABLY KNOWN

There are many who believe that the fundamental and basic reason for advertising in a weekly insurance newspaper is to make the advertising company well and favorably known to as many as possible in the insurance business. This is certainly one of the important reasons.

In fact, any company not well and favorably known is operating under more of a handicap than may be imagined. The handicap is there even though it may not be measured in dollars. When the question is asked, "What kind of a company is it?" and the reply has to be, "I never heard of it," surely that is disadvantageous and injurious to the unknown company. There is actually no more damaging remark to be made about any company than "I never heard of it."

To become well and favorably known, a company does not have to be the oldest, the largest or the "best." But it does have to have something to say at regular intervals to those of importance in the insurance business.

There is no more certain or effective way of reaching this group than through a series of advertisements in The National Underwriter. "Those of importance in the insurance business" are, of course, the readers of The National Underwriter. And they read the whole paper—advertisements, too.

The NATIONAL UNDERWRITER

Largest Circulation of Any Weekly Insurance Newspaper



Number eight of a series

What Is Our Business?

BRIEFLY... it is ...

assisting insurance agents and brokers by providing markets for difficult, unusual, or surplus lines of insurance. For example:

- LONG HAUL TRUCKING—all coverages primary and excess
- AMUSEMENT PARKS—public liability
- CARNIVALS—liability and floater coverages
- EXHIBITIONS—all coverages
- PERSONAL ACCIDENT INSURANCE—executives' travel, over age—world wide
- AUTOMOBILE MATERIAL DAMAGE—long haul, taxicabs, busses
- EXECUTIVE GROUP HOSPITALIZATION
- MALPRACTICE INSURANCE—doctors, dentists, hospitals, etc.
- HAND DISABLEMENT COVERAGE—musicians, surgeons, etc.
- PRIMARY AND EXCESS PUBLIC LIABILITY AND PROPERTY DAMAGE—hazardous or unusual risks
- EXCESS MOTOR TRUCK CARGO—(Primary where no filing required)
- AUTO RACES—liability
- AUTO RACE DRIVERS—personal accident
- OPEN STOCK BURGLARY, ROBBERY, ETC.—(unusual or hazardous risks)
- FIDELITY—primary and excess
- WORKMEN'S COMPENSATION—excess catastrophe or excess aggregate
- ERRORS AND OMISSIONS COVERAGE—insurance agents, architects and other professions
- UNUSUAL INLAND MARINE COVERAGES
- REINSURANCES ON INDIVIDUAL RISKS AS WELL AS TREATY BASIS

This is, of course, not a complete catalog of all the coverages we can afford through our facilities, but this will serve to give you some idea of the extent of our markets.

This agency writes no direct business, accepting coverages only when placed through licensed agents or brokers.

We have the competent staff necessary to promptly assist you in writing these unusual insurances.

MAC GIBENY-GRUPE, INC.

INSURANCE

630 INSURANCE EXCHANGE • 175 W. JACKSON BLVD. • CHICAGO 4, ILL.

Hough to Anchor Casualty Home Office as Executive

Kenneth M. Hough, resident vice-president of Anchor Casualty in southern California for 3½ years, is being promoted to an executive management post at the home office. It is expected that at the March meeting of directors he will be elected vice-president and be placed in overall charge of the claim department. He has been with Anchor Casualty 19 years, originally at the home office and later at Fargo, N. D., Dallas and Chicago.

Succeeding him at Los Angeles is Ralph L. Barnard, who has been with the company 15 years, the last four years at Dallas. Before that he was assistant superintendent of agencies at the home office.

Mr. Hough, who is president of Pacific CPCU chapter, was the guest of honor at a farewell luncheon given by his fellow executives and a dinner by leading agents of the company.

Hold Hearing in N. C. on Allstate Deviations

RALEIGH, N. C.—Acting Commissioner Hostetler has called a public hearing for Dec. 8 on Allstate's proposed auto liability rate deviations.

Allstate has asked for amendments to its filing which, Mr. Hostetler said, "constitute certain departures from the recently adopted automobile private passenger rating plan." Actually, Allstate's plan includes the same seven-driver classifications as in the National Bureau plan, but proposes to break five of the classifications at the 7,500-mile mark with a 25% deviation for drivers who travel less than 7,500 miles a year and a 15% deviation for those who go more than 7,500. Allstate also proposes to write classes 2B and 2C at the full manual rates.

Allstate's average deviation under the proposal would be 18.5%.

Great Northern Enters Wis.

Great Northern of Minneapolis has now become licensed in Wisconsin, this being its sixth state.

F. & D. Bonds Sewer Work

Arundel Corp. and L. E. Dixon Co., San Gabriel, Cal., jointly have been awarded the contract at \$3,167,709 for construction work on the La Cienega and San Fernando valley relief sewer. Fidelity & Deposit will execute the bonds.

Declares 40-Cent Dividend

Standard Accident has declared a dividend of 40 cents per share to be paid Dec. 4, 1953, to common stockholders of record Nov. 23.

New P. & C. Book Is Out

Property and Casualty Insurance, a new textbook for agents and brokers, has been published by Rough Notes Co. at a price of \$7.50. Author is Philip Gordis, who developed the book from notes he originally prepared for an agents' and brokers' examination course.

Covering fire and allied lines, inland and ocean marine, crime coverages, fidelity and surety bonds, liability, auto and other classes of insurance, the book explains the purposes and needs for these coverages, and tells how they are treated by individual states.

The table of contents and index are combined to afford quick access to any point on the policies discussed, and emphasis is given to agents' and brokers' practices rather than to insurance as a general subject.

The Florida insurance department has established a district office at Bradenton with Warren A. May, a deputy commissioner, in charge.

INSURANCE COMPANIES

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We have CASH buyers for:

A life company, located in the West, Mid-W or SW, with or without A & H and Hsp, having from \$50,000,000 to \$250,000,000 of life insurance in force.

A & H agency stock company, large or small, with more A & H than Hsp & Med. Company may have some life. Any location.

Fire or casualty, or fire and casualty companies. Large or small. Any location.

Large or small stock life company in SE having good agency set-up. No industrial.

A & H company in Ill., Wisc., Minn., Ind., or Mich.

Stock life company, located in Midwest, with 5 to 50 millions of business in force, with or without A & H.

Texas stock auto casualty company.

Industrial life company, any size, in Mid-W, S or SE. May have some A & H and Hsp.

Ours is the ONLY concern whose sole business is representing sellers and buyers of insurance companies.

We have the connections, the "know how" and the market, which cannot be reached by individual direct effort. We can handle the sale of your company in a quick, quiet, confidential manner.

Our buyers have the CASH and are ready to deal.

Why not get in touch with us about your company TODAY.

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North America Stock Dividend Sparks Insurance Share Rise

The announcement of the 20% stock dividend by North America touched off a lot of buying of insurance stocks. This dividend is payable by North America to stock of record Dec. 21. On the theory this might be a symptomatic move there was a search on the part of investors for other insurance stocks and there was a strong movement throughout the entire list. North America surged ahead and by Friday had gotten up to about 95. Not so long ago it was close to 80. This apparently excited interest in insurance stocks generally, not only because of the possibility of stock dividends but because the year is approaching its close and the insurance picture to date looks favorable. The automobile line is at least on a manageable basis. The stock market had been strong and there had had been an impressive recovery in bond prices. The latter is not important on a convention basis because amortized values are used, but the investor who is thinking in terms of real values takes into account the market value of the bond account. Then, too, practically all of the insurance companies are on an extremely conservative basis insofar as cash dividends are concerned. There is room in practically every company for an improvement in the dividend rate.

N-C Ruling Virtually Wipes Out \$5 Bid Bond Premium

RALEIGH, N. C.—In a ruling he hopes will end a long-standing controversy over bid bond premiums, Acting Commissioner Hostetler has held that the \$5 bid bond premium shall apply only when the contract is awarded.

Since in that instance the premium paid for the bid bond also applies toward the premium for the performance bond, the ruling means in effect there will be no charge on bid bonds in the future.

Mr. Hostetler noted that the manual rules of Surety Assn. of America and most independents provide that a premium "should" be collected for each bond issue.

"The use of the word 'should,'" he said, "grants discretion to companies and agents as to the collection of the bid bond charge. Upon a thorough investigation by this department, and in view of the evidence developed at public hearings, it appears that in practice collection of this premium has been disregarded in the majority of instances and that such practice has resulted in confusion to all concerned. In addition such practice is unfairly discriminatory."

He said he would leave it to the companies and agents to work out the developing of a form of guarantee to contractors that their bid is bonded in event of a contract award.

C.P.C.U. Classes Growing

Prof. Donald F. Hayne, University of Washington, has been touring the state, lining up C.P.C.U. study classes in several cities. First classes already have been held in Seattle and Tacoma, and others have been organized in Chehalis and Yakima.

Niggeman L. A. Speaker

Louis W. Niggeman, vice-president of Fireman's Fund and at one time director of insurance for war shipping administration, addressed Marine Underwriters of Southern California at the November meeting at Los Angeles. He reviewed the development and

operations of I.M.U.A. and I.M.I.B. and urged marine underwriters to protect and to perpetuate the freedom from restrictive regulations governing the writing of marine business.

Get Canadian in Ariz.

Canadian Fire and Canadian Indemnity have appointed the Douglas-Cleveland general agency of Phoenix general agents for Arizona. Formerly the companies were represented in the state by Southwestern General Agency.

Record Turnout for Ohio 1752 Club Study Clinics

A record turnout of almost 400 agents attended the four fall educational clinics sponsored by 1752 Club of Ohio and Ohio Assn. of Mutual Insurance Agents. Thomas H. Purdy, special agent at Celina Mutual and general chairman of the 1952 clinic committee, reported attendance almost 20% higher than for any of the previous clinics.

Clyde O. Benoy, Jr., Western Mutual, was moderator at Dayton; Cade Schu-

lenberg, Minster Mutual, at Barberton; W. F. Mowery, Ohio Hardware Mutual, at Findlay, and G. G. England at Granville.

State Farm Plans Expansion

State Farm Mutual Automobile of Bloomington, Ill., is negotiating for a branch office suite at Santa Ana, Cal., where it intends during 1954 to set up a branch office to service the southern part of the state.

George E. Matthews, for 22 years with the Buffalo agency of Gurney, Overturf & Becker, has opened his own agency there.



First Command for John Paul Jones

On June 15, 1775, the twelve gun sloop, *Providence**, fired the first authorized shot and captured the first prize by naval action in the Revolution. It is singularly fitting that this famous little fighting ship later became the first command for John Paul Jones, first among all American naval heroes.

While under the command of Captain Jones, sixteen British ships were destroyed and many taken as prizes by the *Providence*. During her four year fighting career she "became noted for exploits greatly exceeding what might have been expected from her force."

Progressive Protection since 1799

* Built in Providence by John Brown for commercial use and originally christened "Katy". She first patrolled Rhode Island waters against British men-of-war under authority of the Colony's General Assembly. In December, 1775, she was commissioned in the infant navy of the United Colonies.

John Brown, in 1799, took a keen and active interest in founding Providence Washington.



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Your business just walked out the door!

You didn't notice anything different. He left promptly at 5:07 . . . just as he had for almost 20 years. But he didn't show up for work the next day. Then the shortage was discovered.

You never know when employee dishonesty may strike and it *can* put you out of business! Do something about it! Call our nearest agent* . . . ask him to help you select the form of employee bond that fits your business.

That call could prevent your business from walking out the door!

*Write Agency & Production Department for his name. We'll supply it promptly.

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Clarkson Insists on One-Term Limit; Simon Is in On Deck Chicago Board Spot

It is unofficially reported that John Clarkson of the Bartholomay-Clarkson agency has declined to stand for reelection as president of Chicago Board in January. It is customary for the president to serve two terms, but Mr. Clarkson desires to terminate his responsibilities at the end of his first term. The vice-president is Ed. P. Simon of Critchell-Miller and he would be regarded as the logical man to head the board.

Keep Before the Public, Aetna Graduates Told

The importance to agents of keeping before the public was stressed by Russell C. Dewald, assistant secretary of Chaddock, Winter & Alberts Corp., representatives of Aetna Casualty at Muskegon, Mich., in a talk at the recent graduation dinner for the 137th session of Aetna's sales course.

Mr. Dewald, who is president of Muskegon Assn. of Insurance Agents, was invited to address the class because of his record since graduating from the course three years ago.

"In our business, the more people you meet the more you can sell," Mr. Dewald emphasized in urging the graduates to expose themselves by participating in civic affairs and in community safety activities. He also stressed the advantage of using Aetna's sales promotional facilities and of working cooperatively with the company's field men and underwriters.

The class was led by Richard J. House of Medford, Ore. Others awarded ribbons for high scholastic standing were Warren B. Huey, home office; John B. Pugh, Baton Rouge, La., and Don S. Stiles of the home office. Ribbons for demonstrating outstanding aptitude in the insurance business were won by Mr. House and Raymond G. Forgays and George A. Clyde, III, of the home office.

Seattle Blanket Club Elects

Seattle Blanket Club has elected John Gumbel, Universal Underwriters Agency, president; G. M. Teeter, New York Underwriters, vice-president; Alfred H. Wilke, United Pacific, secretary, and Richard James, Gould & Gould, treasurer.

Wenatchee in Class 4

Washington Surveying & Rating Bureau has upgraded Wenatchee from class 5 to class 4, retroactive to April 13, 1953, as the result of improvements in its fire protection facilities.

Keep Winnebago Co. Cover

OSHKOSH, WIS.—After the Winnebago county board of supervisors had voted to switch insurance of county property to the state fund, Winnebago County Assn. of Insurance Agents, with the assistance of Wisconsin Fire Underwriters Assn., waged a successful battle to have the resolution rescinded and retain the business.

Some 20 local agents and several field men appeared with T. L. Mulcahy, National of Hartford, as spokesman. He stressed the socialistic angle of state insurance and the service rendered by private insurers. The supervisors then decided on a study of the entire insurance program by the county board committee and the agents, with a report at a future session.

See GAB Tornado Film at Waco

"Monster from the Skies," a film distributed by General Adjustment Bureau in Texas, featuring the damage done by the disastrous tornadoes which hit Waco and San Angelo on May 11 was shown at the Heart O' Texas Fair

at Waco under the sponsorship of Waco Insurance Exchange, whose members took turns managing the booth and distributing tornado safety information from the U. S. Department of Commerce.

Dallas Surety Men Elect

W. S. Moore, Jr., Fidelity & Deposit, was elected president of Surety Underwriters Assn. of Dallas at its annual meeting. He succeeds A. A. Williams, American Automobile.

Frank Grafflin, U. S. F. & G., was named vice-president, and James Allen, Massachusetts Bonding, secretary.

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Buyers Get Briefing on When to Insure, When to Self-Insure

A three-man panel on "Determining What and How to Insure," presided over by Fred W. Greenlaw, Kaiser Aluminum & Chemical Corp., at the American Management Assn.'s insurance conference at Chicago, offered both the buyers and the insurance people in the audience an insight into the thinking of larger insured on the use of self-insurance.

A company's ability to assume the risk of a loss is the only really basic guide in determining what and how to insure, William H. Ellsworth, Ceco Steel Products Corp., Chicago, asserted.

Except when an insurance company provides an especially needed service, what and how to insure depends primarily on whether a particular business has risks that it cannot afford and therefore must be spread, he said. Since a small merchant will be severely hurt by almost any loss, he must spread his risks by insuring to the hilt. A medium-sized company can stand a modest amount of loss and therefore can self-insure in several areas. Large companies can assume a number of risks since they have tremendous spreads of risk within their own businesses. If a business has its normal share of losses and can accept them without great harm, then it will pay out over a period of time only the equivalent of the loss portion of an insurance premium and will save the equivalent of the premium represented by the insurer's expense and profit. "To insure in this circumstance is to gamble that one's losses will be greater than the norm. It seems to us that one might as well gamble that losses will be less than the norm and possibly come up with a real saving."

In considering whether the company can afford a possible loss, Mr. Ellsworth suggested that the buyers consider the income tax implications. He warned of the "foot-in-door bid" which is too low to give the insurer a modest profit. If the bid is too good to be true, pass it up, he advised, "because within a short time the company, having taken you from your prior connection, will come crying for an increase on the ground that it is losing money."

Even a part-time insurance buyer should learn as much as he can about insurance, Mr. Ellsworth said. The company that fails to assemble its own information risks the fate of the small company whose president "entrusted the entire insurance program of the company to... a golf course and cocktails type of broker. Upon examining the company's program, we found, among other blatant extravagances, that the principal factory buildings of the company were covered by fire insurance in an amount almost double their insurable value."

Except for automobile PDL and a general catastrophe cover of \$100,000 with an excess of \$10,000, Ceco does not insure against damage to the property of others, Mr. Ellsworth reported. "Because we know the construction industry better than the professional adjusters, we believe we can do a better job of settling claims."

Ceco does not adjust any portion of its other casualty liabilities—automobile, workmen's compensation, and third party BI. "We haven't the trained personnel nor the geographical spread

to adjust claims arising from all our activities. We definitely need the expert services of an insurance carrier to perform these services for us. Further, we believe that employee relations are better if a compensation carrier, rather than the employer, adjusts the claim of employees."

Cost of losses is the principal factor in insurance cost regardless of whether

risks are insured or assumed, Casimir Z. Greenley, Montgomery Ward, declared.

In deciding whether or not to insure a risk, Mr. Greenley advised the insurance managers to ask whether it is possible to reduce losses through an effective loss prevention program and whether such a program could be maintained. "Unless top management agrees to support an effective loss prevention program, the assumption of a controllable risk is usually not justified," he said. He suggested using the published listings and descriptions of

insurable risks prepared primarily for agents and brokers. Once the insurance manager has made up a list of risks for his own company, he should take care to establish definite lines of communication within the company which will give him immediate notice of any changes in activities.

The insurance manager needs to know the maximum potential single loss possibility; the most severe losses suffered by other companies with similar exposures (if the firm in question has no such losses in its past); the

'Ag' stands for Agents



A Real Partner

Charles A. Coe of Canandaigua, N.Y., is too busy to live in the past, but he can tell his grandson a lot of good stories based on profitable, successful experience.

While it was his father, W.W. Coe, who started the agency in 1868, Charlie himself has been truly active in it since 1898. His son, Bill, joined the office after Air Corps service in World War II. And we're all looking forward to the date when young Charles Francis gets into harness. (Incidentally, Charlie's

daughter, Mrs. Barbara Richardson, operates a highly successful agency at Phelps, N.Y., which, of course, also represents the Agricultural.)

It would be embarrassing to repeat all the nice things in a recent letter from Charlie, but we are proud to quote: "... if ever there was a company that stands by its agents, it's the good old Ag ... no question about your future when you help your many agents as you have helped us with such friendly, practical advice ... you're a real partner."

Fifty per cent of all Ag agents point to 15 years or more with us! If you'd like to learn more about us ... we're easy to write to.



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AS THE SUCCESS OF AN AGENT is in proportion to his ability to develop and hold insurance accounts, so the standing of the insurance company may be measured by its understanding of the agent's selling problems. Such understanding causes an agent to continue to represent a company over the years.

To enable you to succeed in building insurance accounts you need the right company—one with modern facilities and methods for underwriting and handling your business. Moreover your company should have real "know how" gained from years of experience with your day-by-day problems and the willingness of an understanding management to help you solve those problems, with liberality and co-operation.

The long association with many agents, enjoyed by the seven Fire and two Casualty companies of the Commercial Union-Ocean Group, is evidence that they are leaders in the ranks of agency companies.

Our financial strength is unquestioned—our facilities complete and up-to-date in every respect and "no insurance organization may rightfully claim possession of a fairer business policy."

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The Commercial Union Fire Ins. Co.
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number of physically separated operating units exposed to the same risk; degree of controllability of the risk through loss prevention; actual company losses for at least the last five years; the cost of purchased insurance for the same period; the cost of developing competent inspection service, if the company now lacks it; the company's ability to handle the adjustment of losses satisfactorily and economically; management's preference as to handling claims directly with employee or public or through an insurance company; laws affecting the assumption of risk; and the effect of taxes on the ultimate net cost.

The next step, he said, is to determine from top management how serious a loss the corporation could self-insure without financial embarrassment. "Often the expected long-range advantage which was the original basis for assuming a risk is forgotten when the first serious loss occurs. The test of a management's real desire for assuming an insurable risk is its reaction immediately after the first serious assumed loss occurs."

Even if a given risk can be assumed safely from a maximum loss standpoint, Mr. Greenley stressed that self-insurance should not be assumed unless a real effort will be made to prevent losses. Self-insurance may be inadvisable if adjustment of losses has to take place over a wide geographical area. If the company is not staffed to provide skilled inspection services of a technical nature, the cost of purchasing such service might overbalance any self-insurance.

L. H. Wiggers, Procter & Gamble, advised prompt placing of insurance when a risk that requires coverage is discovered. "There are too many tragic examples of what may happen when prompt decisions are not reached," he said. He recalled that recently a Procter & Gamble employee became eligible for group life, the plan was explained to him, but he could not bring himself to sign the application. The next night the man was killed, and the widow had to be told there was no life insurance.

On another occasion the P. & G. insurance department found it had not been notified of a large amount of merchandise stored in an open field near one of the company's factories. The error was discovered, and insurance was placed on Tuesday. The following Friday there was a fire in the field, and much of the merchandise was destroyed. "That," said Mr. Wiggers, "is the best example I can give you of when to insure."

The insurance manager whose company has a poor loss record has no trouble deciding what to insure, Mr. Wiggers remarked, "the loss record tells him." But if experience has been good, what to insure and what not to insure becomes a matter of judgment.

To know what to insure, the buyer should have before him an outline of the business procedure of his company—processes, types of business done, plant locations, and types of construction. To make sure that the insurance manager is kept informed of changes and additions, he should be notified of top management decisions, Mr. Wiggers said. At P. & G., the insurance manager receives a copy of each resolution passed by the general management administrative committee, which authorizes additions to plants, new plants, changes in processes, and similar new developments. It is then up to the insurance manager to confer with the department concerned and obtain more specific information.

Loss experience information is es-

sential, although, Mr. Wiggers said, it is not always easy to obtain, particularly in workmen's compensation and other forms of casualty. Experi-

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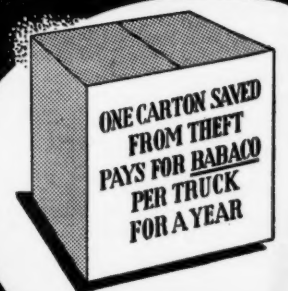
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ence figures supplied by insurance companies are incomplete and difficult to reconcile, he declared. The insured should maintain complete statistical records and should insist on accurate statistics for each individual case from his insurer. "To correct errors in original estimates it is necessary to continue to check with insurance companies as long as cases remain open. This sounds like a tedious task, and it is, but I know of no other way to get the facts." If mortality tables are used, as in workmen's compensation, "the important thing is to see that both the insured and the insurance companies are using the same tables and loss estimates."

From the service standpoint insurance may be justified even on small, predictable risks. In casualty risks, where the public is involved, P. & G. feels it is "the part of wisdom to let insurance companies carry the ball." On the other hand, Mr. Wiggers' company prefers to pay workmen's compensation direct.

How does a buyer decide on the maximum loss his company can assume? Mr. Wiggers was asked during the question period. The tax situation plays a part, he said, as does the funded reserve. Every year without a loss piles up the reserve. Where a company can save work and save money at the same time, self-insurance is worthwhile. He mentioned coverage on household goods of employees moving from one city to another. It is too much work to figure out the values each time, and P. & G. assumes the first \$500 on these under an excess policy.

Mr. Ellsworth was queried about the tax factor in self-insurance, and he commented that because the decision on self-insurance is a long range proposition and tax rates may be changed, in the basic decision the effect of taxes should not be considered.

Where can a buyer obtain a list of exposures? Mr. Greenley was asked. He said he uses and recommends the F. C. & S. Bulletins and the Agents and Buyers Guide, which supply A to Z lineups of exposures and coverages.

How can a company insure to be certain that for a total loss it will recover full value? Mr. Wiggers pointed out that replacement cost insurance can be bought, but that he knows of few insured who use it. Coverage to sound value is generally preferred, the insured figuring his book depreciation will allow a recovery from the policy to the book value or in excess of it. Mr. Greenley added it is wise to calculate over the years what the

cost would be for replacement cost insurance against the one or two times a loss would arise bad enough to require it.

Under a self-insurance program, can funds for the reserve be tax deducted? Not when added to the reserve, Mr.

Ellsworth answered, but at the time of loss.

What standard is used to determine the proper amount of fidelity bonds? Nobody had the answer to this one, but there was agreement that whatever is carried is probably too low.

Merger Meetings Set

In connection with the merger of American Motorists and Excess, the stockholders of American Motorists will meet Dec. 10 at Chicago, and the stockholders of Excess Dec. 8 at New York.

South Carolina Insurance Company

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Cornbelt Gets OK for New Installment Plan

Cornbelt, the new insurer at Freeport, Ill., has had approved by the Illinois department a new installment premium payment plan under which all payments are level.

In effect, the new plan brings about a premium reduction for eligible risks of nearly 20%. Under the plan insured pays 80% of the annual premium at its inception, plus four payments of 80% each. This contrasts with the 100% first-year payment, with four subsequent payments of 78%, provided for under the two regular installment premium payment plans.

New Wash. General Agency

Northern Underwriters, Inc., a new general agency being formed by George W. McCauley and associates at Winslow, Wash., will begin business shortly after the first of the year. It is selling 5,700 units of common and preferred stock at \$11 per unit, consisting of 10 shares of preferred at \$1 and one share of common at \$10, to raise capital of \$62,700.

Mr. McCauley has advised agents

throughout Washington, who are being solicited to purchase stock in the new general agency, that there is no intention to launch an insurance company, as previously indicated.

Schweighart to Springfield

Western Adjustment has appointed Arnold G. Schweighart to its adjustment staff at Springfield, Ill. He will specialize in casualty work and will service claims in central Illinois. He has had extensive casualty claim experience with Livingston Adjustment Co., Hawkeye Casualty and American States. This gives Western complete casualty facilities throughout Illinois.

American Progressive Expands

American Progressive Health of New York has entered Maine and Vermont. Maine representatives are Pierce C. O'Donnell, Van Buren, and Albert M. Harmon, Inc., Portland.

L. Heidel Brown of the C. J. Brown real estate organization at Baton Rouge, and J. Benson Smith, professor of law at Louisiana State University, have been elected directors of Audubon Ins. Co. of Baton Rouge.

Fight to Retain Present Auto Commissions Urged

Thomas A. Harman told a luncheon meeting of King County Insurance Assn. at Seattle that the local agents have it in their power to preserve their present scale of commission on automobile business if they will staunchly defend their place in the business and convince their insured that only they are in a position to advise regarding the best markets from the public viewpoint.

Mr. Harman called on the producers to resist vigorously any attempt to reduce commissions on automobile business, declaring the agent who does a good job for his insured needs every dime of commission he receives. He attacked the theory that the production cost allowance in the rate structure should be reduced when making reasonable adjustments in the automobile rate structure.

To Set Washington Date

The executive committee of Washington Assn. of Insurance Agents at its Nov. 20 meeting at Seattle will decide upon the date and place of the 1954 convention. It is customary for

the Washington association to meet either immediately before or after the Oregon meeting so that headline speakers from distant points can attend both conventions. Oregon has set a tentative date of Sept. 29-30.

Utah Company Enters N. C.

National Farmers Union Property & Casualty of Salt Lake City, operating from Denver, has been licensed as a multiple line company in North Carolina.

Deputy Commissioner Randolph said the company's investments in mortgages exceeded the state law's provision that a company may invest not more than 40% of its assets in mortgages and not more than 2% in a mortgage on any one property, but that officials of the company had promised to bring these investments into compliance with a North Carolina law "within a reasonable period."

Charles R. Pritchard and F. George Schmich have formed a local agency of Pritchard & Schmich at Savannah, Ga. Mr. Pritchard has been in the insurance business there 16 years and Mr. Schmich has been a special agent for American Employers with headquarters at Atlanta.

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Insurance Institute Reelects Crewe, All Other Officers

Rexford Crewe, manager of the production department of Hartford Accident at New York, has been reelected president of Insurance Institute of America. Reelected also were John A. Diemand, president North America, vice-president, and F. Harman Chagwidden, vice-president Camden Fire, treasurer. Robert Dechert, general counsel of Penn Mutual, continues as counsel and continuing also in their present positions are Executive Vice-president Harry J. Loman; Robert M. Morse, director of educational advisory department, and Edwin S. Overman, director of field services.

Dr. Loman explained that the institute is now carrying through students enrolled in prior years to completion of the old courses and at the same time has started the new institute courses. On the first examinations on the new courses the percentage of passing grades was 63.5. As the new course becomes more familiar, this percentage is expected to rise.

Forty study groups are now operating in 40 cities and industrywide educational committees have promoted institute enrollment and activities in Chicago and Baltimore. Some time during the present study year, Dr. Loman, Mr. Morse or Mr. Overman expect to make a personal visit to every study group.

Just now the institute is still working on preparation of study guides. It sought the opinion of its educational leaders from all over the country about what should be included in these guides and will defer their distribution until the opinions gathered can be analyzed and carefully considered. Revisions of parts A and C of the institute courses are under way. Mr. Morse is devoting much of his time to promoting interest of insurance company personnel in the courses and to the development of other local educational groups like those in Chicago and Baltimore.

Joseph G. Romans, Royal-Liverpool group, New York City, gave the report of the educational committee. James Hackett, assistant secretary U. S. F. & G., Baltimore; Abbie Glover, librarian Boston Insurance Library, and John J. Leddy of American reported on institute activity in their cities.

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J. C. Melvin Scott, Yorkshire, Vancouver, was called forward three times to receive awards: the surety prize, the Werbel prize for the student attaining the highest average irrespective of branch and the Edward Rochie Hardy prize for the most distinguished student of the year. Other prize winners were Eugene Carryl Redd, Farm Bureau, Columbus; B. John Leslie Rolfe, Leslie, Wright & Rolfe, Ltd., Vancouver; Walter A. Womer, Lebanon (Pa.) Mutual; Franklin Johnson, American, Rockford, Ill.; and G. Fraser Henderson, Phoenix Assurance, Halifax, N. S.

Harold Jackson, president of Bankers Indemnity, announced the following as the 1956 group on the institute board of governors: J. H. Grady, general counsel General Accident; J. A. Bogardus, chairman Atlantic Mutual; Charles P. Jervy, vice-president Travelers; Edward G. Lowry, Jr., chairman and president General Reinsurance; F. Elmer Sammons, president Hanover; Mortimer E. Sprague, vice-president Home, and William Leslie, general manager National Bureau of Casualty Underwriters.

Tennessee Association Committees are Appointed

NASHVILLE—At a meeting here of President Louis J. Englert, Jackson; Chairman C. Ray Ward, Sparta; George L. Goss, secretary-manager, and other officials of Tennessee Assn. of Insurance Agents, new committees were named. Chairmen are: Membership, Sam Arnold, Knoxville; education, Lewis McDonnell, Memphis; farm and small town agents, Jack Frost, Clarksville; finance, Joe C. Carr, Nashville; fire conference, S. H. Warner, Memphis; legislative, C. Ray Ward; agents' planning committee, Emerson B. Tanner, Union City; managers' advisory, C. Ray Ward; safety (accident prevention), Walter Greenspan, Chattanooga; public relations and publicity, Frank E. McGlaughon, Kingsport.

To Honor Past President

Allan I. Wolff of Associated Agencies will be host Friday at a luncheon for the past presidents of Chicago Board. This is timed to correspond with the presence in the city of Oscar E. Aleshire, who has been with his daughter's family at Helena, Mont. He is 93 and is the dean of the past presidents.

Killeen to America Fore

America Fore has appointed John M. Killeen staff adjuster at San Francisco. He will handle fire and inland marine losses exclusively. For 5½ years he has been an adjuster with Travelers, the past year at Spokane, Wash.

Conference on Pilferage

Federal Bureau of Investigation sponsored a special conference at Seattle, attended by 150 shippers, transportation executives and marine underwriters, to study the pilferage problem and ways to overcome it.

Adam Trester, veteran local agent of Sheboygan, Wis., and Mrs. Trester observed their 60th wedding anniversary Nov. 1.

At its Nov. 17 luncheon meeting in New York City Insurance Accountants Assn. will hear Richard Davidson of the Boston on investments of insurers.

Anchor Casualty has doubled its office space at its same location at Kansas City, Louis A. Bitters is manager.

Ralph H. Alexander, deputy insurance commissioner of Pennsylvania, addressed the anniversary dinner of Insurance Women of Blair County at Altoona, Pa., on "Insurance Department and Importance of Women in the Insurance Business."

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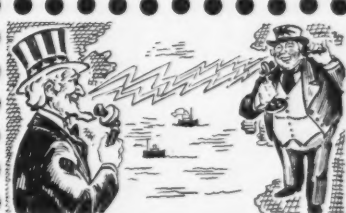
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30: CALVIN COOLIDGE



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Selling in Low Income Brackets Described at Cincinnati Hoodoo Meeting

Cincinnati Assn. of A. & H. Underwriters observed Hoodoo Day, Friday, Nov. 13, by receiving ideas on the selling of A. & H. in the lower income brackets from George M. Green, for 16 years West Virginia manager for Inter-Ocean. He drew the ideas from 21 years of experience with weekly premium business.

Disability insurance, he said, is a necessity of low-income people who might have "too much month left over at the end of the money." They need the insurance more than people in the higher income levels, and the lower the income, the greater is the necessity for the insurance.

He likes to sell to people of modest means, because there are so many of them; they are easy to approach; their need is great; there are few arguments to be met; a high percentage of the business is sold in the first interview.

"If I fail to get the application, it hasn't taken me all day to do it. In about two minutes I can be at the next door. The case is as simple as this—if a person hasn't got it he needs it, if he needs it he ought to have it, and if he ought to have it he ought to buy it."

Two main reasons why agents do not succeed, he said, are (1) they are not suited to the business, and (2) they don't know how to prospect. Poor prospecting comes from the failure to exploit contacts which could lead to more business—the failure to ask for prospects.

"We should not, in our concentration on the big buyer, overlook the little man," he cautioned. "He is the object of social insurance. If all people had a decent program of accident and health insurance, there would be no need at all for compulsory insurance. We have the most needed and the most personal type of insurance there is."

Joseph W. Scherr, Jr., executive vice-president of Inter-Ocean, introduced Mr. Green, and a large contingent of Inter-Ocean men attended the meeting. M. Carl Shinkle announced that for the third successive year the association would sponsor a Christmas party at the local Hillcrest school for under-privileged girls.

Callahan Sees Broad Field for Key Man A & H Cover

With a 52% corporation income tax rate, few large businesses and even fewer small ones can build a contingency reserve to carry out the moral and sometimes legal requirement of continuing an executive or key man's pay during protracted disability. Tom Callahan, Time, Milwaukee, president of International Assn. of A & H Underwriters, reminded members of the Indiana association at Indianapolis.

"The capacity of the individual to build his own contingency reserve for disability is even poorer," he declared. "If, as government statistics report, the average man is \$200 in debt at the end of the year, how can he afford to be disabled?"

Having contacts in big corporations is not necessary to writing a large volume of key man A & H. Mr. Callahan reported. "One person in 40 is today a business proprietor, and the vast majority of businesses are small businesses employing four or fewer people. In other words, prospects are all around you, right among the people to whom you are selling every day, and the small proprietor needs key man for the protection of his business every bit as much if not more than does the large corporation."

Group, franchise or individual poli-

cies may be used for key man coverage, Mr. Callahan said. "Each has its advantages in particular cases, but remember this: Group is inelastic; franchise is more elastic, and most elastic of all is the individual policy."

Be sure the policy is adequate, he urged in closing. "Don't let them blame you later for an inadequate claim check."

Special guests were Claude Jones, general agent Connecticut Mutual, Indianapolis, trustee of NALU, and Leon Lawhead, general agent National Life of Vermont, president of Indianapolis Assn. of Life Underwriters.

Lawry Continental Casualty New Chicago A & H Manager

Robert W. Maul, manager of the Chicago A & H branch of Continental Casualty, has been transferred to San Francisco in the same capacity and is succeeded by Charles Lawry, formerly A & H manager at Pittsburgh.

Mr. Lawry joined Continental Casualty in 1945 at Pittsburgh, was named manager of the commercial department there two years later, and in 1946 was advanced to manager. He is a navy veteran.

Mr. Maul, who has had both home office and field experience, at one time was A & H manager at Kansas City. He started with the company at New Orleans as a field supervisor.

Hold Ala. Sales Congress

A sales congress was held at Birmingham Nov. 13 by Alabama Assn. of A & H Underwriters. Raymond King, Jr., agency supervisor Lincoln National, Birmingham, spoke on "Public Relations for the Salesman," and was followed by a panel composed of Joe Ausley, North American Accident, "Selling to Women"; J. G. Fields, Aetna Life, president of the association, "Key Man A & H," and John G. Galloway, Provident L. & A., chairman of the International association, "Disability Insurance in Estate Planning."

Afternoon speakers were R. L. McMillon, Business Men's Assurance, Abilene, Tex., giving his famous "Penetrating Oil" talk, and R. W. Osler, vice-president of Rough Notes Co., Indianapolis, "What's Ahead for A & H—Some Brickbats and Bouquets."

Revises A & H. Contracts

A completely new edition of policy contracts has been introduced by Pacific Mutual Life in its 5-way division, which includes all A & H benefits issued in conjunction with life insurance. Principal contractual change is inclusion of a premium waiver clause in all policies providing monthly indemnity.

The company now will issue A & H monthly indemnity benefits up to \$400 per month to men, and up to \$200 per month to women, in preferred occupations. Hospital indemnity will be issued in amounts up to \$15 per day. The maximum age at issue has been extended to 59 for men and 54 for women.

Richard Roy has been promoted by Mutual Benefit H. & A. to field supervisor for New Hampshire and Vermont. He is taking a special training course at the home office.

I.C.T. Enters Indiana

Indiana has licensed Ins. Co. of Texas, making the 18th new state I.C.T. has entered this year.

50-Year Agency Honored

North British recently honored R. E. Anderson & Co., Tacoma, Wash., for 50 years' representation of the company. A certificate of appreciation was presented by Benjamin Barnett, special agent for Washington, to H. F. Syford, president of the agency.

Recon Buyer

Even if it is the if the ment w and not As t insurer up the what h small t for an commo has th hancin moral lines a in buil surers.

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Record Crowd on Hand for Buyers Rally at Chicago

(CONTINUED FROM PAGE 1)

Even if this is delegated to the broker, it is the buyer's responsibility, since if the choice is a poor one management will hold the buyer accountable and not the broker.

As the principal contact with the insurer, the buyer is the one to build up the reputation for his company in what Mr. Wegman said is a business that has many characteristics of a small town in that it doesn't take long for an insured's reputation to become common knowledge. A good reputation has the practical advantages of enhancing the stature of the insured as a moral risk and helps place marginal lines and gives the office a head start in building good relations with new insurers.

A certain length of time is necessary before any insurer can learn the peculiarities of the risks of any large company, and Mr. Wegman stressed that it is important to have some continuity in the relationship. An insurer cannot be expected to devote a lot of time to service if it feels the next year the account will be lost, and along these lines he said the insured must be prepared to pay an insurance company enough premium to cover normal losses, service expenses plus a profit, and that implies that on losses the buyer should not be a "sharpie."

Herbert F. Morgenthaler of Daystrom, Inc., Elizabeth, N. J., put a good deal of stress on loss prevention activities. He said a recent survey shows the estimated cost of the average industrial accident is \$325, of which only \$65 is paid under workmen's compensation, with the remaining \$260 the hidden costs to the employer. He said inspections, personnel experience, conferences, rating data and experience of other companies are guides for the insurance manager, commenting that in his company all accidents, whether compensable or not, are summarized by means of a "cause code," which shows the accidents, types, and possible costs. The accidents are also analyzed according to foremen or supervisors, thus enabling the insurance department to spot the hazard.

Use of plant insurance committees has improved coordination of Inland Steel's insurance program, O. B. Tearney of that company reported. These committees, he said, are used to centralize insurance matters at each property of Inland Steel, and their functions are to evaluate inspection reports, to disseminate pertinent insurance information, and to assist the insurance manager in studying special hazards, new forms or revisions of programs.

One of the beneficial results of this activity has been establishment of a claim-inspection unit that gives standard reports on costs of repairs or replacement and comments on propriety of charges. "The improvement as a result of the work of this unit," he said, "is almost immeasurable."

J. Henry Smith, vice-president of Equitable Society, gave the buyers an insight into the rate making setup and the problems involved in setting up a group insurance program, and had a good many words of warning on the question of purchasing group insurance on the basis of cost alone. What is wanted is a contract that will stay with one company long enough to work out an experience and not one that will bounce around from insurer to in-

surer.

Mr. Smith's talk got deep into the lore of rate making and group insurance theory, and the buyers were treated to a background of this type of coverage that was comprehensive in scope. Admitting that he could not expect much of this to rub off in such a short time, Mr. Smith stressed the point of putting the group plan on a strong company first and asking for rate concessions later, rather than the approach of rate first and ability to withstand a bad loss second.

V. S. Brennan, United Gas Corp., Shreveport, La., concluded the meeting with a talk on maintaining a dynamic insurance program, and advised the buyers that if they don't see what they want, to "ask for it." If standard forms of policies and standard forms of endorsements don't exactly fit the need, he suggested telling the agent, broker or company what is wanted and then if the answer is that it can't be had, "do a little more looking around. Generally your insurance carrier will go along with you to the utmost extent possible as they know that facing a problem at the time of issuance of the contract is far better than lack of coverage and resultant unpleasant relationships when the claim arises."

North Preaches Gospel of Quality at Buyers Meet

(CONTINUED FROM PAGE 2)

clared, "and any one catastrophe might impair the very strength you had counted upon."

"If a single business had had its only domicile in the Livonia, Mich., General Motors' building and had suffered a comparable loss, it could only have survived with adequate insurance to value, gilt-edged in variety, and a performance according to contract," he added.

Agents' and brokers' offices today are geared to the high income of economic inflation and corresponding high expenses, which, Mr. North said, may soon have to be adjusted if the agents are to come out whole and perform their services.

"Don't think for a moment that 'It can't happen here,' " he advised. "Your margin in the premium cost has never been larger, and that offers direct-writing competitors a golden field on a purely price basis." The agent can offer training, experience, and a superior service which is worth the cost if it is delivered in an intelligent way.

"You have always tried to present your service so as to submerge the name and characteristics of your companies. Your survival depends upon ours, and I think you make a mistake when you fail to give these buyers all

the information you can about the companies whose policies you sell."

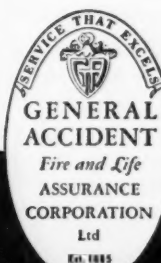
Insurance must receive a price for its product that will fairly support the basic system of distribution, Mr. North remarked. The distribution system may need overhauling and internal adjustment occasionally, but the business cannot afford to sabotage it.

Ohio Speakers' Program

At the meeting of Stock Fire Insurance Speakers Assn. of Ohio Nov. 23, speakers will be Robert W. Leedy, U. S. Fire, "Church Insurance"; Arthur J. Walsk, Commercial Union, "How the Yankees Got That Way"; Rex May, North British, "Insurance vs. Engineering as a Livelihood".

125 PEOPLE ARE ALIVE...

With the assistance of the Association of Casualty and Surety Companies, a public service organization of capital stock insurance companies, the Governors of the 11 Northeastern states from Maine to Maryland this summer sponsored a "slow-down" campaign. Aimed particularly at vacationists and tourists, it has proved conclusively that law enforcement can control highway accidents. At toll gates, information centers, ferry slips, places of entry and other points throughout this 11-state area, more than 2 million motorists were handed a printed message, brief and friendly, urging observance of speed limits. The season's results are not yet known but figures for June and July show 125 fewer motor fatalities than in the same months of 1952. This worthwhile experiment should encourage other states to follow the example.



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EDITORIAL COMMENT

Stand-Up Lunch Saves Time, Boredom

The stand-up buffet luncheons at which Prudential marks its anniversaries are a sensible way of serving a large or a small group and the wonder is it hasn't spread more widely in the insurance business. At its recent birthday, the big life company served 600 to 700 with a minimum of lost time and motion. It has been giving the luncheons at its Newark home office each year since 1925 for northern New Jersey's prominent business, professional and political personages. The first luncheon was to celebrate its 50th anniversary but it proved so popular that another was held the following year and the luncheons now are traditional.

What happens at the typical insurance convention when the morning session breaks up? The thirsty head for the bars or the rooms where refreshments are being broken out. The others get in line at the overcrowded restaurants. Understandably, service is slow even after the conventioners are seated. Though the afternoon session may have been scheduled to start at 2 o'clock or 2:15 there are so few on hand that the meeting can't start on time without forcing the first speaker to speak pretty largely at empty chairs. When the audience finally has straggled in, all but the most stout-willed will have eaten more than they should and many will be trying hard to stave off slumber.

The stand-up buffet luncheon short-

ens the time needed for the lunch break, and permits the afternoon session to get under way sooner with fewer stragglers. The menu can be kept on the light side, though still tasty, so that few will have to fight off Morpheus in the afternoon. And standing up under the circumstances is preferable to sitting. After sitting all morning and faced with sitting all afternoon, why does anybody want to sit through lunch?

Eating lunch while standing permits the eaters to chat with more people than would be possible at the usual organized luncheon with eight or 10 at a table. This mobility is a feature that makes Prudential luncheons so popular. At a sitting luncheon the conversation may be interesting or not, but if not, there isn't much you can do about it. Standing up, however, if you are uninterested in what the group is saying, you make like you're going to the food department for another cup of coffee. Nobody notices whether you come back or not, for the groups are in a constant state of spontaneous agglutination and dissolution. You have a chance to talk a little with a great many people.

We believe that if one of the national insurance organizations were to have a stand-up buffet luncheon at one of its annual meetings the idea would generate as much demand for repeat performances as it did when Prudential tried it 28 years ago.

PERSONAL SIDE OF THE BUSINESS

John G. Harrison, resident vice-president of Marsh & McLennan, and **Ronald M. Hubbs**, vice-president of St. Paul Fire & Marine have been elected directors of Miller hospital, St. Paul.

Mr. and Mrs. Morgan Smith of Westport, Conn., announce the birth of a daughter who has been named Jennifer Riedy Smith. Mr. Smith is special agent for Central Mutual in New York state with headquarters at New York City. There are two sons in the family, Morgan and Zachary. The maternal grandparents are T. J. Reidy, prominent class 1 local agent of Chicago, and Mrs. Reidy.

Mrs. M. A. Kern, whose husband is president of All-American Casualty of Chicago, is in Evanston Hospital recovering from multiple fractures suffered at the Kerns' new home at Pala-

tine, Ill. As she went to get out of her car, it backed up and she was knocked down by the open door and sustained pelvis and hip fractures.

Donald Knowlton, who is slated to be advanced to vice-president of NAIC at the forthcoming mid-winter meeting at Miami Beach, is insurance commissioner of New Hampshire. Although this is not the annual meeting, he will be advanced to fill the vacancy caused by the death recently of George B. Butler of Texas. That means that he will go on up to the presidency at



Donald Knowlton

the June convention at Detroit in 1954 instead of in June 1955. It is understood that Lawrence Leggett of Missouri will be elected as the new chairman of the executive committee at Miami Beach, and if so, he would be advanced to vice-president next June. There is said to be a lot of support for Robert A. Taylor of Oregon for election as chairman of the executive committee next June.

Robert M. Staker, advertising manager of Employers Reinsurance, underwent an operation for cataract. He underwent such an operation on his other eye three years ago.

William R. Dunham, vice-president of Mercantile Insurance Agency, St. Louis, is now starting his fourth term as state national director of Missouri Assn. of Insurance Agents. He was again named at the recent Kansas City convention. He attended the convention at St. Louis last week of National Assn. of Independent Insurers, representing NAIA.

Kenneth Nehring of Tucson who was taken ill at Washington during the NAIA convention and was hospitalized there returned to his home several weeks ago, fully recovered.

Marvin D. Adams, president of the Stembler-Adams-Frazier agency of Miami, has been appointed head of the Florida turnpike authority. His predecessor was removed by acting Governor Johns for malfeasance in office.

Mr. Adams is immediate past president of Florida Assn. of Insurance Agents. Acting Governor Johns also is an insurance man, having his office at Starke.

Florida newspapers searching for a political link between the governor and Mr. Adams have been unable to find any, especially since Johns was elected senator from a district removed from that of Mr. Adams.

Bruce Hoblitzell, Sr., Louisville local agent, has been elected sheriff there, running ahead of his associates on the Democratic ticket.

Commissioner Navarre of Michigan is recuperating at his Jackson home from a nervous disorder which caused his hospitalization at Lansing for more than a week. He was released from St. Lawrence hospital Saturday and is expected to return to his office for brief periods this week but probably will not attempt to maintain a full work schedule for some time.

Richard E. Vernor, Western Actuarial Bureau, Chicago, who is treasurer of Rotary International, spoke at a luncheon conference of Rotarians from District of Columbia and Maryland at Washington, D. C. He also conferred with U. S. Chamber of Commerce headquarters as chairman of the inter-chamber contest committee and member of the executive committee of National Fire Waste Council.

Frazier S. Wilson, insurance manager of United Air Lines, has been named vice-chairman of the Chicago

and Cook County March of Dimes Campaign. The chairman is John E. Stipp, president of Federal Home Loan Bank of Chicago, and formerly vice-president and secretary of Continental Casualty-Assurance.

DEATHS

J. F. Stafford, Oldest Blue Goose P.M.L.G.G., Dies

John F. Stafford, 85, former western manager of Sun and widely known in fire insurance circles, died in a hospital at Lake Wales, Fla., which he had entered for a minor operation. He was the oldest past most loyal grand gander of the Blue Goose, having been named to head the order in 1924. That honor now goes to W. E. Mallallieu, long general manager of National Board and now retired.



John F. Stafford

Mr. Stafford also had served as president of Fire Underwriters Assn. of the Northwest and of the Life Members Society, president of Grain Assn., chairman of the governing committee of Western Underwriters Assn., chairman of the western advisory committee of National Automobile Underwriters Assn. and president of Minnesota & North Dakota Fire Underwriters Assn. when he was traveling in that field. He was the No. 1 charter member and a former exalted ruler of the Elks Club of Evanston, Ill. He was signally honored a number of years ago for his long and active service with that organization.

He entered insurance work in 1888 with A. H. Redfield, Chicago independent adjuster. He went with National of Hartford at Chicago in 1899, was with Iowa Inspection Bureau at Davenport, starting in 1893, and entered field work for Scottish Union & National in 1895, covering Iowa, Nebraska, Missouri and Kansas. He was special agent for Eagle Fire for about a year, starting in 1900, and then with London & Lancashire, first as special agent, and became its assistant western manager in 1913. He joined Sun as its western manager in 1919 and retired from that post in 1934.

After his retirement he made his home for some time at Babson Park, Fla., where he served as mayor and was very active in Rotary affairs. Later he moved to Lake Wales. Funeral services were held there Saturday.

JOHN T. OLIVER, prominent local agent of Peoria, died at the age of 66. He had been with the Hatfield agency

THE NATIONAL UNDERWRITER

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420 E. Fourth St., Cincinnati 2, Ohio

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PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernard J. Gold, Resident Manager.
SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

agent of Peoria, died at the age of 66. He had been with the Hatfield agency since 1917. His partner there in recent years has been S. H. Gregg. His wife was the former Ethel Hatfield, whose father, the late Steve Hatfield, was the founder of the agency.

SAMUEL L. FISKE, 74, manager of the subrogation department of Auto-Owners for 25 years, died in Veterans' hospital, Dearborn, Mich., after three months' illness. He had been on leave of absence and had been slated for retirement in January. Mr. Fiske was a veteran of both the Spanish-American and first world wars and was active in veterans' organizations.

MYRL F. PRIEST, 52, vice-president of Anchor Casualty, died after an illness of six months. He had been with Anchor for 23 years after starting in the business in 1925 with New York Indemnity. With Anchor he had been adjuster, assistant claim manager, claim manager, assistant secretary and vice-president.

Myrl F. Priest

Mr. Priest graduated from the University of Minnesota.

NATHAN G. BURGSTER, who retired in 1931 after having been a number of years with Western Actuarial Bureau, died at Redondo Beach, Cal.

Mr. Burgster had been an insurance man since about 1912 when he went with the old General Inspection Co. of Minneapolis, which is now Fire Underwriters Inspection Bureau. Then for about a year he was chief rater for the Minnesota department before joining W.A.B. in the early 20's. He served in the rating division there until his retirement at which time he moved to California.

HAROLD ARNOLD, 54, local agent at Ashland, Wis., and active in the Top of Wisconsin Assn. of Insurance Agents, died there after a brief illness.

ERNEST B. WOOD, 59, president and founder of Consolidated Casualty of Houston, died at the M. D. Anderson hospital there after a long illness. Mr. Wood, who was named secretary and a director of the company shortly after its formation, became president five years ago. He was a World War I veteran.

CHARLES K. COLBY, 72, local agent at Beloit, Wis., for 20 years, died at a Beloit hospital after suffering a heart attack.

SIR ARTHUR S. ROGERS, chairman of the head office board of London & Lancashire, died Sunday. He was educated at Liverpool College, joined London & Lancashire at Liverpool in 1899 and had spent the whole of his career with that company. His first appointment in an executive capacity (foreign superintendent) was in 1919. During the following 15 years he acted as secretary, assistant manager and deputy general manager successively until his appointment as general manager in 1936.

Sir Arthur held this position during the difficult war years and in 1941 was a member of the mission to the United States appointed by the treasury and ministry of economic warfare. He served as president of Insurance Institute of London, 1938-39, and Insurance Orphanage & Benevolent Fund, 1940; president of Chartered Insurance Institute, 1943-44, and chair-

man of British Insurance Association, 1945-47.

He succeeded to the chairmanship of London & Lancashire in 1947. He had many many visits in the United States and he was the most widely traveled man in the company's service, having covered 200,000 miles since 1910.

ROLF T. MCKEE, 58, assistant secretary-treasurer and chief fire underwriter for Ins. Co. of Texas, died after a long illness. He went with the company two years ago as a special agent. Previously he spent many years in the insurance business with companies in his home town of Pittsburgh.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 So. LaSalle St., Chicago, Nov. 17, 1953.

	Div.	Bid.	Asked
Aetna Casualty	3.00*	145	149
Aetna Fire	2.40	56½	58
Aetna Life	2.50*	86½	88
Agricultural Ins.	1.60	31½	33
American Alliance	1.60	38	39
American Equitable	1.50	29½	31
American Auto	2.00	47½	49½
American (N.J.)	1.10	26½	27½
American Motorists	.40	14½	15½
American Surety	3.00	59½	61
Boston	1.40	35½	37
Camden Fire	1.10*	22½	23½
Continental Casualty	2.50*	86	88
Crum & Forster Com.	1.60	46	48
Federal	.60	30	31½
Fire Association	3.00	71	73
Fireman's Fund	1.60	64½	66
Firemen's Fund	1.00	26½	27½
General Reinsurance	1.60	41½	42½
Glens Falls	2.00	59	61
Globe & Republic	.80	16	17
Great American Fire	1.60	43	44½
Hartford Fire	3.00	172	175
Hanover Fire	1.80	41	42½
Home (N. Y.)	2.00	41	42
Ins. Co. of No. America	2.25*	93½	95½
Maryland Casualty	1.20	27	28
Mass. Bonding	1.50*	24	25½
National Casualty	1.50*	29	31
National Fire	3.00	77	79
National Union	2.00	44½	46
New Amsterdam Cas.	1.50	46	47½
New Hampshire	1.50	46	47½
North River	1.20	28	29½
Ohio Casualty	1.55*	63	65
Phoenix, Conn.	3.40	105	108
Prov. Wash.	1.50*	43	45
St. Paul F. & M.	1.00	34½	35½
Security, Conn.	1.70*	36½	37½
Springfield F. & M.	2.00	51	53
Standard Accident	1.60	48	49½
Travelers	14.00*	802	813
U.S.F. & G.	2.00	66	68
U. S. Fire	1.50*	39½	41

*Includes extras.

Inter-Ocean Homecoming Marks 50th Anniversary

CINCINNATI—Inter-Ocean's 50th anniversary homecoming meeting was devoted to a look backwards at its 50 years of growth and progress, progress, prospects for the future, and entertainment of selected representatives of its commercial and weekly premium departments. W. G. Alpaugh, president, made the welcoming address, tracing the growth of the company and the business up to the present. J. W. Scherr, Jr., executive vice-president and secretary, and W. G. Alpaugh, Jr., presided at the sessions.

Outside speakers included John P. Hanna, managing director H & A Underwriters Conference; Alden C. Palmer, R. & R. Service, and E. H. O'Connor, managing director Insurance Economics Society.

The films, "For Some Must Watch" and "The Bettger Story," were shown.

Mr. Hanna pointed out that Inter-Ocean has provided the H. & A. Conference with three of its presidents. The late J. W. Scherr, president of the company, was conference president in 1928; W. G. Alpaugh, current president, in 1940, and J. W. Scherr, Jr., is now chairman of the executive committee and will assume the presidency in 1954.

Keller Is S. F. Speaker

Edward E. Keller, general agent of Lincoln National Life, addressed the November meeting of A&H Insurance Managers Assn. of San Francisco on "A&H Opens the Door to Life Sales."

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Maloney Restrained from Hearthstone Action

Superior court at San Francisco has issued a temporary order restraining Commissioner Maloney of California and Coleman E. Stewart as hearing officer from holding a hearing on the department charges against Hearthstone of Massachusetts and W. Clement Stone, its president. The order is pending a decision by the court on a complaint for an injunction brought by the company and Mr. Stone.

The petition for injunction asks that Maloney be prevented from proceeding with the charges against the company on the ground that Hearthstone's method of soliciting its agents, and its sales program and sales instruction bulletins, both of which had been questioned by the department, were as good or better than the standards generally prevailing in the industry and that Maloney was "wilfully and unjustly discriminatory against the company" and would do it and Mr. Stone irreparable harm.

It is also complained that there was a hostile atmosphere and a prejudicial bias on the part of Maloney and his

personnel. Hearthstone said its counsel, because of other commitments, would be unable to defend the case until after Jan. 15, 1954. The complaint for injunction noted that this had been pointed out to the hearing officer in a request for a continuance, but the request was denied.

The superior court is taking the case under advisement, giving Hearthstone 10 days to file briefs and the department 10 additional days for a reply.

Plan Testimonial for Leo Schweer Dec. 10

Leo J. Schweer, who is retiring Jan. 1 as superintendent of the Cincinnati office of Ohio Inspection Bureau, will be guest of honor at a testimonial dinner in Cincinnati Dec. 10.

T. T. Bryant of Walter P. Dolle & Co., is chairman of the committee, which includes representatives of companies of all classes, agents, adjusters and public officials.

Mr. Schweer is an uncle of J. F. Schweer, secretary of Cincinnati Fire Underwriters Assn. He has been a fire insurance rating man for 60 years, the

last 36 as superintendent of the bureau at Cincinnati.

Two Advanced at L. A.

Bruce H. McBirney and H. Coe Culbertson have been appointed assistant managers at Los Angeles for Fidelity & Deposit.

Mr. McBirney has been manager of the casualty department there since 1949. He is a CPCU and a graduate of U.C.L.A.

Mr. Culbertson is a graduate of Occidental College, and of the home office training school. He has been a special agent at Los Angeles since 1949.

Running Policies Endanger Ownership of Expirations

(CONTINUED FROM PAGE 13)

surance account. "What more logical system could be devised for the reexamination which must accompany any programming than to have a policy expire and be renewed, perhaps in a more modern, better tailored way?"

The insured who holds a continuous policy over an extended period, in the absence of a liberalization clause, may find himself covered by a policy form which is somewhat less than up-to-date and which may have long since been supplanted by a broader and more desirable type of insurance.

"One facet of the doctrine of ownership of expirations is the fact that the company leaves the clients of the insurance agent severely alone and does business only through the agent. Direct billing by an insurance company (the red-headed half-brother of a continuous policy) will destroy the unique position presently enjoyed by the insurance agent.

"One of the justifications for the American agency system is the service which its agents provide. Any diminution of this service will necessarily diminish the importance of and the necessity for the system. The insurance agent cannot afford to operate under any system which has a tendency to allow him to take his clients for granted. This would be one of the natural results of the general use of continuous policies.

"Continuous policies are foreign to and not in the best interest of the American agency system their widespread adoption could well be pernicious to the system under which the property and casualty business in the United States has flourished."

Indiana Pickups

(CONTINUED FROM PAGE 19)

R. W. Mumford, vice-president, and G. Emerson Newhouse, superintendent of agents.

Capitol Indemnity had on hand in its rooms Martin Worrell, president; Russell Ricketts, superintendent of agents; George Moore, John O'Toole and James Davidson, special agents.

Dispensing Wolverine hospitality were Robert Denton, vice-president; Karl Preston, casualty manager; Roland Bird, Indiana branch manager; Fred P. Mitchell and Merton Vincent, special agents.

Greeting convention visitors in the National Automobile & Casualty's headquarters were Leland Britt, resident vice-president of St. Louis; A. A. Bauer, chief underwriter; Henry Hoffman, claims supervisor; Harry Brown, fire underwriter and Frank Lindeman, agency supervisor for Indiana.

Buckeye Union's companies were represented by John A. Dodd, executive vice-president; B. J. Mertz, comptroller; S. H. Glessner, assistant secretary in charge of automobile underwriting outside of Ohio and Stan Schellenger, superintendent of agents.

Among the company presidents here were Forrest H. Witnemer of Excelsior of Syracuse, and P. W. Sult, Sr., Fireman's and Mechanic's of Fort Wayne.

Representing Franklin General were Edward J. Schneider, general manager; Harold Todd, manager of the automobile underwriting department; Edward Tedrow, head of the claims department and Miss Ann E. Sahn, head of the payroll and accounting department.

One of the largest company delegations was from the Hartford Group. For the Hartford Accident were Al Cathcart, assistant agency

superintendent from Chicago; C. E. Shumaker, manager at Indianapolis, and R. I. Thomas, superintendent of the bond department here. Hartford Fire was represented by S. G. Behlmer, assistant manager at Chicago; William Moloney, superintendent of the survey department; Ray Graves, Indiana state agent, and Elmer Wise, special agent.

Standard Accident and Planet were represented by F. A. Hackett, state agent.

President Paul F. Seltz of Freeport Motor Casualty headed a contingent from his company. Others were W. W. Landgraf, agency supervisor; Leon F. Knipschild, claim manager; H. H. Ashby, underwriter; Harry H. Hoymann, assistant claim manager; H. Dale Poffenberger, Indiana state agent, and Glenn S. Mock, special agent.

Holding forth in the Trinity Universal headquarters were Walter Polz, Charles Egan and Thad Kenney, all field men, and R. J. Mohrhaus, Indiana manager.

Host at the Hoosier Casualty's headquarters was Henry Morris, assistant to Les King, Indiana state manager.

Two assistant secretaries represented the North America Companies' home office at the convention. They were Richard Miller and James Chenet.

Officials of Hawkeye-Security at the convention were Fred Miller and William Cobb, both vice-presidents; Frank Wadsworth, Indiana manager, and B. C. Thompson, special agent.

Twelve field men of American States received visitors in that company's convention rooms. They included Ray Hull, Bob Hendrickson, Frank Wise, George Poske, Millard Jones, James Gibson, Jack Pierce, Dean Hubert, Duane Lake, Jim Glazer, Kenneth Carlson and Bob Baker.

Gulf was represented by H. F. Sweeney, vice-president and manager of its central department.

From the Home office was T. Morgan Williams, vice-president. He was ably assisted by Harold Kummerow, manager of the marine department, and Dennis Smith, assistant manager of the farm department, both from Chicago. Mr. Smith spoke at the opening convention session. Norman Hoppas, Indiana manager for Home Indemnity, also was on hand.

Representing Michigan Surety were V. L. Sharpe, vice-president; Allan Brightman, head of the court and judicial bond division; John Scudder, Indiana manager, and Paul Woods, special agent.

From U.S.F. & G. headquarters in Baltimore came Arthur Kuenker who spoke at the Tuesday session and also was around the company's headquarters throughout the three-day meeting.

Charles R. Watkins, executive special agent from Chicago, represented New York Underwriters.

For National Union Casualty there were L. D. Swisher, state agent; John Geyer and R. M. Long, special agents; Ted Moraveck, safety engineer; Herschel Beasley, auditor, and John Kelly, claim adjuster.

The St. Paul Companies sent D. W. Swanson, secretary, here from their home office.

Another convention speaker, George A. Connor, manager of the fidelity department of Fidelity & Deposit, headed his company's convention entourage. Others were Ben Turner Jr., Indianapolis manager; O. W. Schooley, assistant manager, and Brent Buchman, special agent. Coming from Chicago were Raymond R. Jones, assistant manager, and Joseph L. Burke, special agent.

K. C. Trotter and Harry A. Miller, both secretaries of Fire Association, chatted with convention-goers.

From the Mayflower of Columbus there were E. C. Cook, vice-president, and Walter Roubush, treasurer.

The Springfield group was represented by Roy Blomgren, secretary of its western department in Chicago.

Attending for Trans-Pacific were C. E. Whisman, chief underwriter, and John N. McGee, Jr., vice-president and director of claims.

Secured Fire & Marine and Secured Casualty sent R. W. Miles, vice-president and general manager, from the home office. Others representing the company were Special Agents James Bridges, George Junger and Jack Scharinghausen.

There were three officials here from New Amsterdam Casualty. They were Alvin Leroy, home office agency department; C. T. Reese, resident manager, and H. E. Schornstein, assistant resident manager.

Five representatives of National Surety were on hand. They included Sterling Gossett, senior special agent; Jack G. Henthorn and Jim Burke, special agents; Henry Schwartz and Dick Woolman, underwriters.

For Motor Vehicle Casualty were Carroll Austin and Jim Sanford, special agents, and H. E. McNeese, assistant agency supervisor.

Officials of the North British group here were Charles L. Day, secretary of the mid-western department in Chicago, and William Ludemann, Indiana state agent.

The Crum & Forster banner was displayed by State Agents W. F. Riggs and M. D. Miller, and Special Agents J. T. Mosier and R. C. Schultis.

WANT ADS

Rates—\$15 per inch insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payments in advance.

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For a substantial multiple line property insurance company in Hartford. Must be experienced in handling production and distribution of advertising materials for agents. Write full details concerning age, marital status, education, business experience and present earnings. Address V-37, The National Underwriter Company, 175 West Jackson Blvd., Chicago 4, Illinois.

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Interested in purchasing agency or brokerage accounts in Chicago area. Address your reply to V-28, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Comprehensive knowledge on common stocks plus broad background on other institutional investments. Skilled analyst with seasoned judgment. Employed now in \$8500-10,000 bracket. Address V-39, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

FIRE INSURANCE GENERAL AGENCY MANAGER

Established Minnesota General Agency with Minneapolis headquarters has excellent opportunity for qualified man. Must have experience in underwriting, appointing and servicing agencies. Salary plus bonus. Will consider giving stock interest in corporation. Address V-35, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Fieldman wanted by old established Fire Company. Liberal salary plus bonus—all of our present fieldmen know of this advertisement. Box V-36, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

MICHIGAN Field Representative

fast growing multiple line stock agency operating nationally has outstanding opportunity in Michigan field. It will pay you to investigate. Address U-84, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ASSISTANT LOSS SUPERINTENDENT ASSISTANT EXAMINER

for Western department of an aggressive stock fire company group. Chicago location. Liberal company benefits offered. Salary commensurate with experience and ability. Address V-23, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

BOND CHIEF UNDERWRITER

Fidelity, Surety; Midwest. Large multiple line agency company. State experience and salary required. Write—Box U-69, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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AVAILABLE

17 yrs. Fire and Casualty, 8 yrs. Bureau, 6 yrs. Company Special Agent, 3 yrs. Agency. Desire return to company position as Special Agent or Junior Executive. Age 39, married, free to travel, consider locating any part of country. Address V-40, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED SPECIAL AGENT

Large multiple line agency mutual has excellent opportunity in upper New York state for well qualified special agent. Give educational background, experience and other personal information. All replies confidential. Address Box NY4, The National Underwriter, 99 John St., New York 38, N. Y.

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Wash. Supreme Court Finds No Basis for Immunity of Charitable Hospitals

Washington supreme court, considering a question of liability of a hospital for negligence of one of its employees, concluded that the state's 35-year-old theory of charitable immunity based on public policy no longer exists and decided that charitable, non-profit hospitals should no longer be held immune from liability for injuries to paying patients caused by the negligence of employees.

In the case at hand, *Pierce vs. Yakima Valley Memorial Hospital Assn.*, the alleged negligence consisted of the act of a nurse in injecting a foreign substance into the patient's left arm, causing pain and permanent injury. It was not held that the hospital failed to exercise due care in selection or retention of the nurse or that it was guilty of "administrative negligence," such as the failure to furnish proper equipment.

The court noted that it had uniformly held that a charitable hospital is not liable for the negligence of employees treating a patient, and under the rule it was immaterial whether the patient had paid for the services.

The court reviewed its past decisions and said it had been justifying the immunity rule on the theory of public policy, saying that non-liability was desirable because of the "encouragement and stimulation" such a rule is to worthy charitable institutions.

"Ordinarily, when a court decides to modify or abandon a court-made rule of long standing, it starts out by saying that the 'reason for the rule no longer exists.' In this case," the Washington court said, "it is correct to say that the 'reason' originally given for the rule of immunity never did exist."

The doctrine declaring charities to be immune from tort liability was first pronounced in the United States in 1876 in Massachusetts when the court held that funds of a charity are held in trust, the diversion of which the courts will not permit. This idea stands behind many decisions upholding the immunity rule. Other courts adhering to this rule have bolstered their reasoning with other theories, which the Washington court said fall into four groups: Theory of holding the doctrine respondeat superior inapplicable to charitable institutions; theory that such institutions are entitled to protection of the rule of governmental immunity; theory of implied waiver or assumption of risk; and theory of public policy.

"The formulation of these individual reasons for non-liability thus appears to be, in the main, a product of rationalization. Those who had concluded that the public interests demanded immunity thereby found a way, satisfying to themselves for reaching this result."

The Washington court, saying it was interested only in its own reason for acceptance of this rule, that of public policy, said it would not go into the other theories, but added: "It will suffice to say that the leading decisional and text authorities dealing with them have been examined, and we are convinced that none of such theories provides a sound or logical basis for the rule of immunity."

Decisions in other states involving public policy or the need of financial encouragement all indicate that changed conditions have rendered this rule no longer necessary, the court said. It took special note of the *Haynes vs.*

Presbyterian Hospital Assn. decision in Iowa in which the court declared the business of hospitals today has grown into enormous size and hospitals own and hold large assets, much of it tax free, and employ many persons. The state has become paternal to an astonishing degree, and judicial notice was taken of the extensive use of the many types of hospital insurance as well as liability insurance by the hospitals. "Thus it is evident that times have changed and are now changing in the business, social, economic and legal worlds," the Iowa court declared. "The basis for the need of such encouragement is no longer existent."

The same thing has happened in Washington, the supreme court remarked, adding that it intended no insidious implications, this is simply a product of changed economic conditions and new conceptions of public responsibility. There are still hospitals that are under-financed, but the public policy in question must be based upon general conditions and the average situation.

In the Yakima Valley hospital case before the court, the hospital carried liability insurance, and while the court said this has no bearing whatsoever on the immunity of the hospital, the fact that insurance protection is now available, makes it generally "appropriate for consideration, where the question is whether, as a matter of public policy, such institutions need immunity."

If the facts tending to warrant a public policy declaration in favor of immunity were clearly established and were well recognized, agreement among the courts should be found, but this is not so. There is as much diversity of judicial opinion on this question as on any with the appellate courts have been confronted, the Washington court said. This indicates there is no well recognized factual basis for such a public policy. In Washington, the rule of non-liability is available only with respect to suits brought by beneficiaries, that is, patients in the case of a hospital. There is no immunity where the negligence of the institution in selecting or retaining its employees is a proximate cause of the injuries. Nor is there immunity in Washington where the institution is guilty of some "administrative negligence," such as the failure to furnish proper equipment.

"Thus in this state, as elsewhere, the immunity rule has been 'devoured' with exceptions," the supreme court remarked. "Moreover, the very fact that in Washington and 15 other jurisdictions the immunity rule is applied only in certain classes of cases, argues strongly against its application in any case. If the financial security of charitable institutions—'encouragement and stimulation'—does not require immunity in case of injuries to employees, invitees, and strangers, or injuries caused by negligence in selecting personnel and in providing equipment, why does it require immunity where a patient is injured due to the negligence of a nurse?"

"The answer is so obvious that one would expect to find courts as a last resort turning away from the immunity rule in their more recent decisions. This is exactly what has happened."

If the states were checked today, the

Washington court said it believes the findings would be that 26 courts would grant immunity, 20 would deny immunity, and in four states and in one territory the result would be doubtful. Eight states grant complete immunity and they are Arkansas, Kansas, Kentucky, Maine, Maryland, Missouri, Oregon and South Carolina. Other states grant nearly complete immunity and they are Connecticut, Idaho, Indiana, Louisiana, Massachusetts, Michigan, Nebraska, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Virginia, West Virginia, Wisconsin and Wyoming. In New York, the courts do not apply the immunity rule as such, but reach the same result in a case of this kind by holding that hospital nurses under the law are employees of the patient rather than the hospital. In Rhode Island the immunity rule is established by statute. In Maryland the court-made immunity rule is apparently overcome by statute in cases where the institution carries liability insurance.

Immunity would be denied in Alabama, Alaska, Arizona, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Illinois, Iowa, Minnesota, Mississippi, New Hampshire, North Dakota, Oklahoma, Puerto Rico, Tennessee, Utah and Vermont. In Colorado, Georgia, Illinois, Tennessee execution on a judgment can be had only against non-trust property, such as liability insurance.

There are five doubtful jurisdictions—Hawaii, Montana, New Mexico and South Dakota, where no reported cases are found, and Nevada where the one reported decision provides no reliable indication of what the court would decide on a case such as the Yakima Valley hospital.

"Thus," the Washington court said, "American judicial thinking which formerly gave 'overwhelming' acceptance to the immunity rule, now gives that doctrine a very modest majority. Since 1943 four states have abandoned the immunity rule, and in the process have over-ruled earlier decisions. Four other states at the same time have rejected the immunity rule as a matter of first impression and the opinion among scholars outside of the courts is almost uniformly in favor of liability."

"It is our conclusion that there is today no factual justification for immunity in a case such as this, and that principals of law, logic, and intrinsic justice demand that the mantle of immunity be withdrawn."

The court said it was going ahead with this without waiting for legislative action since the idea of immunity is originally set up in the courts and the court has the right to withdraw it. This has happened in other states, and in a separate concurring opinion one of the judges said experience shows that legislature is faced with a good deal of pressure in such a situation to the point where waiting for legislative action is almost futile.

There were two dissenting opinions, one of the justices wishing to have the change made in the legislature and the other holding that the immunity rule should not be withdrawn for charitable hospitals, and if it is to be withdrawn that it should be done by the legislature.

Faunce Audit Division Head

John W. Faunce of Grand Ledge has been named director of the audit and taxation division of the Michigan department. He has been with the department for a number of years as an examiner.

Fire, Casualty Mutual Leaders Meet at Chicago

(CONTINUED FROM PAGE 4)

nel conference committee sponsored the next two subjects, which were discussed. Chairman was F. Kean Young, Federated Mutual. Speakers were Robert A. Schiff, National Records Management Council, "Money in the Wastebasket"; and John A. White, John Hancock, "Cutting Costs and Increasing Production". A film "Devil Take Us," was shown.

Two advertising workshops were held at Tuesday's ad-sales conference. Moderating the agency companies workshop was L. K. Sharp, Mill Owners Mutual, and the direct writing companies' shop was presided over by John O. Nilan, American Mutual Liability. The ad-sales luncheon followed.

American Mutual Alliance Wednesday met to hear these speakers and their topics: Roger Crafts, American Mutual Liability, "Insurance Educational Programs"; Noel F. Symons, Buffalo attorney, "Insurance Aspects of Industrial Noise"; Carl N. Jacobs, Hardware Mutual Casualty, "Overall Insurance Activities of the United States Chamber of Commerce"; Howard D. Heath, Northwestern Mutual Fire, "High Cost of Adjusting Fire and Auto Physical Damage Losses"; and Percy Bugbee, National Fire Protection Assn., "Attacking Fire Waste on Many Fronts". The resolutions and nominating committees reported and officers were elected.

Wednesday, the ad-sales conference opened with an agency company workshop moderated by H. A. Kern, Central Mutual, and this was followed by a direct writing company workshop at which C. E. Smith, Employers Mutuals, presided. Afternoon session chairman was C. J. Bailey, Federal Mutual. Sales training was discussed on the agency company side by C. R. Bishop, Lumbermens Mutual, and on the side of the direct writing companies by Fred G. McMullen, Hardware Mutual. A sales training panel discussion followed, and then adjournment.

Ray Murphy Replies to Bohlinger Rochester Talk

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, has written an open letter to Superintendent Bohlinger of New York on certain points Mr. Bohlinger made in his talk before Civic Club of Rochester recently.

Mr. Murphy took issue especially with Mr. Bohlinger's statement that the companies have been using the same arguments against compulsory bill and the assigned case plan bill. "Quite contrary to import of your speech, there were serious defects in the proposed legislation and they were quite clearly pointed out in that memorandum," Mr. Murphy stated. He went on to say in his letter that a mention of the one point is not indicative of any tacit agreement on other points raised by Bohlinger in his talk.

Starts Lower, Omits Dividend

Atlas Mutual of Kansas City has filed a rate schedule on dwellings that is 20% off bureau effective Jan. 1. This will be in lieu of policy dividends which have been at the rate of 15%.

Atlantic Mutual Fire is now doing business from its new home office at Bull & McDonough streets, Savannah. The building houses besides Atlantic Mutual, Southern Savings & Loan and Atlantic Insurance & Investment Co., affiliates.

Late News Bulletins . . .

Mell Joins Houston F. & C. at Philadelphia

Houston Fire & Casualty and General of Fort Worth have established a southern department to operate with the eastern department at Philadelphia. W. A. Baumann continues as manager of the eastern department, supervising Pennsylvania, New Jersey, Maryland and Delaware.

Mr. Mell has been in the business since 1919, as an independent adjuster at Augusta, Ga., and Atlanta, staff adjuster at Philadelphia for America Fore and later as its manager there. In 1930 he went with National Liberty as resident secretary and shortly afterward was made Philadelphia manager of Home. He moved to Pearl in 1935 as Middle Department manager and in 1948 was made executive vice-president of William Penn Fire. Recently he has been operating as a reinsurance broker.

Oct. Fire Losses Above '52, Below September

Fire losses in the United States in October were \$68,551,000, according to National Board, an increase of 7.2% over October, 1952, and a decrease of 0.1% from September, 1953.

For the first 10 months the total is \$751,896,000, up 16.4% over the like period of 1952.

National Fire Ups Dividend Rate

National Fire has declared a quarterly dividend of 75 cents payable Jan. 2 to stock of record Dec. 15. The dividend rate most recently has been 65 cents quarterly. National Fire shares have advanced smartly in the unlisted market, from about 62 to 77.

Ill. Auto Rate Filing Turned Down

Insurance Director Barrett of Illinois turned down the National Bureau auto rate filing just before the 15 day period during which he may act ran out. The filing called for a 20% rate increase as well as application of the new expanded classification plan. Mr. Barrett did not take exception to the rating plan, it is understood, but contended that the rate increase was too much. The matter now will be aired at a public hearing that will probably be held about the middle of December. The bureau promptly invoked this recourse when Mr. Barrett acted negatively. There has not been an auto rate revision in Illinois since July, 1951. The rate increase program last year got entwined with a controversy over whether to introduce the New York demerit plan and the upshot was that Illinois got by without an increase. That was when J. Edward Day was insurance director.

New UA Report Unlikely to Cause Industry Joy

(CONTINUED FROM PAGE 1)
and present provisions. The present uniform accounting regulations call for development of detailed figures which are not used in certain rating systems. Any attempt to spell out a relationship under such circumstances is bound to be at best inaccurate, at worst, erroneous. Either result will cause trouble for companies and producers and will result in embarrassment to commissioners, the industry believes.

As a matter of fact, the insurance companies would like to see the insurance commissioners' subcommittees on this subject relieved of the assignment.

Appearance of the report only a few days before the commissioners meeting is likely to prevent committees representing some segments of the business from getting a consensus of member insurers before the subject comes up at Miami. It is pretty certain that not all elements will be in a position to express an opinion here. The reaction of the business generally is that though the words have been changed somewhat, the report still aims in the same direction.

Not all those in the business are certain they understand exactly what the NAIC subcommittee intends. This uncertainty became pronounced after the hearing in Chicago at which subcommittee members insisted on relating UA to rate making in fire and casualty but declined to specify what its purpose was in life insurance, where rates are not regulated. There seems to be a growing uneasiness in the fire and casualty business that more is intended here than meets the eye. Ac-

Joe Haveson, deputy commissioner of Minnesota, is in Mt. Sinai hospital at Minneapolis with a heart attack. He is getting along well, but will be confined for several weeks.

Usually, the UA impetus originated in New York, but there it was recognized that it would be expensive to have the companies prepare figures for that state in a manner different from that in other states. The use of expense indications from the expense exhibit as a guide in rate making is not new. But getting this into a rigid formula and in a highly refined way, for application by every state in the union, is something else again.

Probably the independents are as apposed to UA as any class of insurer, but opposition has grown among the other companies.

Plan Chicago Buckeye Meet

The past presidents and present officers of the Chicago Buckeye Club met this week in preparation of their annual meeting Jan. 26. This organization consists of fire, casualty and service organization insurance men who formerly traveled Ohio and now reside in the Chicago territory. A Buckeye background is the necessary qualification for membership. President T. J. Ocask, Rollins Burdick Hunter Co., states that the group has grown steadily for several years and that there are approximately 87 ex-Ohioans in that area. Many important officials from the Ohio field attend this gala event annually as guests.

Kemper Junior Board Elects

Charles L. Massey, A. & H. underwriter for Lumbermens Mutual Casualty, has been elected chairman of the Kemper Insurance Junior Board. He succeeds Lester C. Gracyk of statistical tabulating. Walter F. Hackmeister, comptroller, was named secretary; Thomas F. Patton, bond and

burglary underwriter, assistant secretary.

The board was formed in 1946 to give young insurance men a chance to develop their talents and to present them with an opportunity to deal with problems of top management.

Hear Catlin, Rice, Mahoney

Robert J. Catlin, vice-president of Aetna Casualty, Claude H. Rice, insurance manager of Babcock & Wilcox Co. of New York, and State Senator Walter J. Mahoney of Buffalo spoke at a meeting of the Albany, N. Y., agents association there this week.

New Cal. Surplus Office

C. V. Starr & Co., surplus line brokers, has been established at San Francisco. Clement J. Smith is the president, Henry Terrell is vice-president and manager. Mr. Terrell was formerly assistant manager for Swett & Crawford at San Francisco. C. V. Starr is chairman of the board.

Rural Rallies in Ohio

Under the auspices of the rural and small lines committee of Ohio Assn. of Insurance Agents, meetings will be held at Columbus Dec. 7, Hillsboro Dec. 16 and Jackson Dec. 17. Subjects to be considered include new rule book changes, fire, casualty and farm insurance, assigned risks, etc. State Secretary T. M. Gray will be one of the speakers.

Luken Back to Cincinnati

CINCINNATI—Thomas Luken, manager of the Covington, Ky., claims office of American States, has returned to the Cincinnati office to share the claims work with J. A. Sack. Harry Randolph succeeds Mr. Luken in Covington.

New W. C. Rules Reviewed

At a meeting of St. Louis Self-Insurers' Conference, Stephen J. Millett, chairman industrial commission of Missouri, discussed the new workmen's compensation rules and regulations promulgated by the commission, and especially those defining the jurisdiction of the division of workmen's compensation.

Frederick G. Baker has been appointed assistant vice-president of Manhattan Savings Bank, New York City. He has been with the bank since 1934 and has been insurance manager for many years. He has served as chairman of numerous insurance forums and committees of the state and national savings banks associations.

National Council on Compensation Insurance honored D. D. Smith and S. C. Southard, on completion of 30 years with the council, at a dinner in New York City. Mr. Southard is manager of the Southeastern Compensation Rating Bureau and Mr. Smith is secretary of the National Council.

North British is now operating from its new southern department home office at Atlanta. This is a new air conditioned and fire resistant building on Peachtree street.

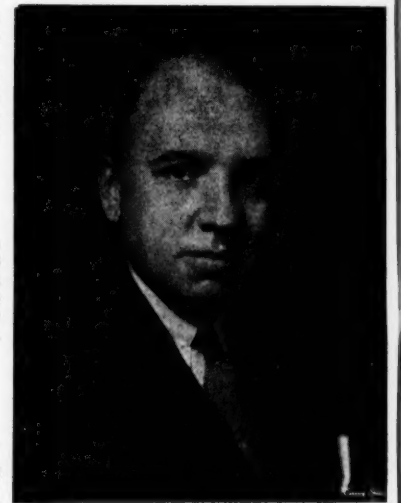
Charles J. Williams, vice-president and secretary, is in charge and has supervision over 10 states. This is the fourth of these offices to be set up, the others being at Chicago, Philadelphia and Detroit.

New Teetotaler Auto Insurer Formed in Ill.

Central Security Mutual of Springfield, Ill., has been organized to write automobile insurance on the same plan as that of Preferred Risk Mutual of Des Moines. That is, a non-drinker is allowed a discount of about 25% for BI and PDL, and 20% for PHD if he signs a pledge reading: "I do not use alcoholic beverages and I will not do so during the life of this policy."

The incorporators are Joseph Gunderson, a Springfield real estate broker; his son, Donald R. Gunderson and Frank D. Nicoderm, a salesman. The company intends to operate along the same lines almost in every respect as that of Preferred Risk, which has had some success with this type of operation and is operating in part through the mails.

GEORGE W. McCAGG, vice-president and general manager of Manufacturers Casualty, died in Bryn Mawr hospital after a short illness. His age was 50. He was a former president of

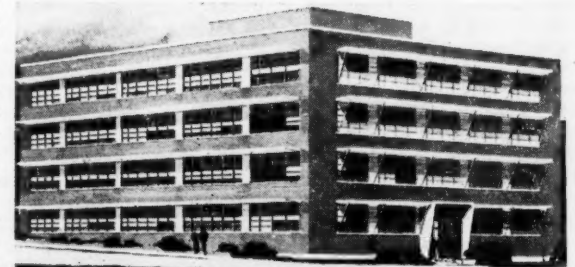


GEORGE W. McCAGG

Casualty & Surety Club of New York. Mr. McCagg joined Manufacturers in 1951. Prior to that he was associated with Eagle Indemnity, where he served as vice-president and later as president. After reorganization of Royal-Liverpool group in 1946, Mr. McCagg was elected executive vice-president of the Eagle-Globe-Liverpool companies.

CHARLES J. DRAKE, assistant secretary of Board of Marine Underwriters of New York and with the board since 1917, died in his office of coronary thrombosis. He lived at Westfield, N. J.

EDWARD C. FLOWER of the Flower-Shafer agency, Knoxville, Tenn., died at Mayo Clinic, Rochester, Minn., where he had been hospitalized following an operation.



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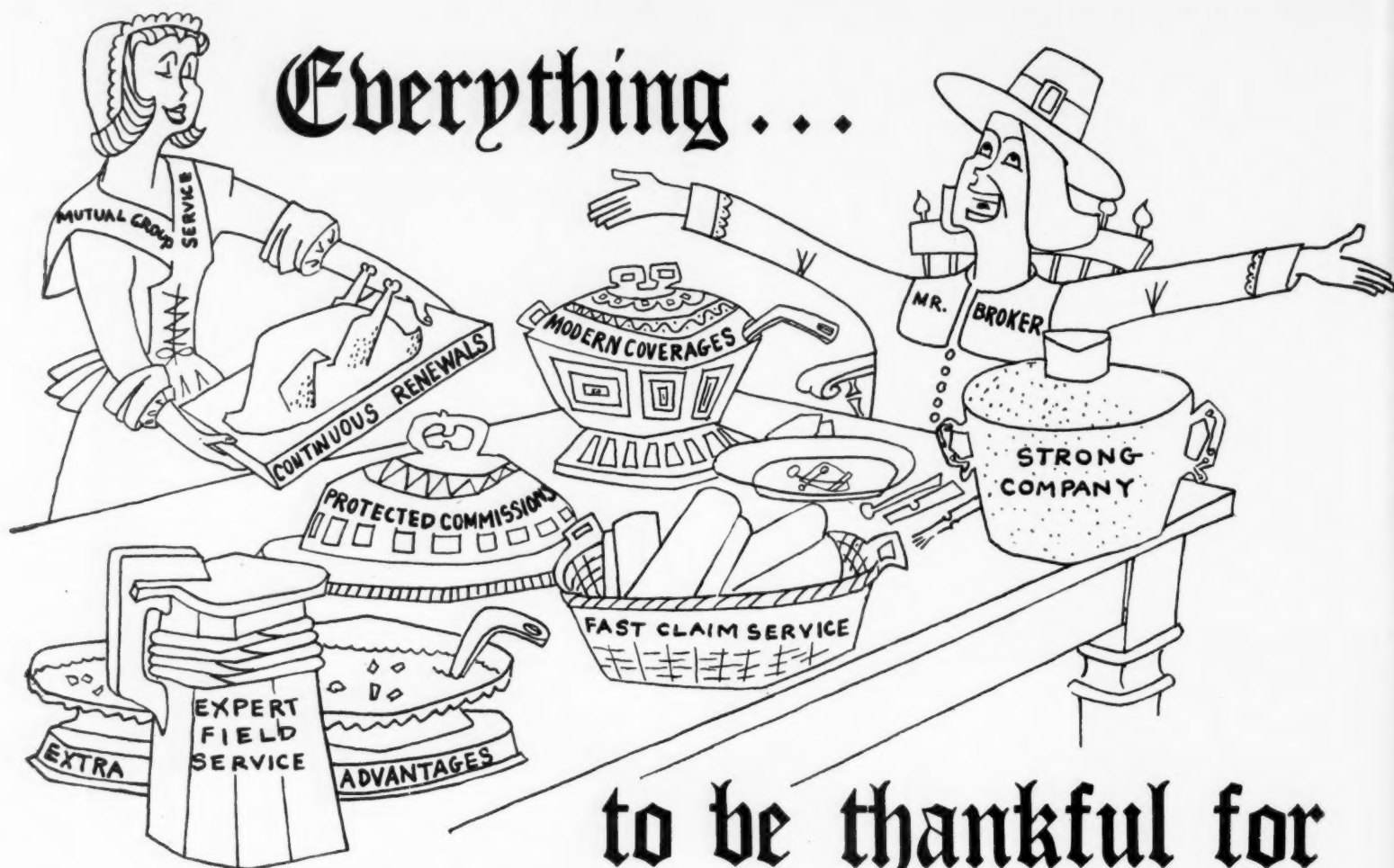
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